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China Report

ECONOMIC AFFAIRS

No. 222



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CHINA REPORT

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NATIONAL POLICY AND ISSUES

PRESS COMMENTS ON LENIN'S 'CONCESSIONS SYSTEM'

HK230946 Beijing BEIJING RIBAO in Chinese 12 Mar 82 p 3

[Article by Zhou Xirong [0719 6932 2837]: "Firm Policy, Special War-- Studying Lenin's Thinking on the Concessions System"]

[Text] With the shattering of the imperialist armed intervention and the end of the civil war, the newborn Soviet Union was at an important turning point at the end of 1920. In the face of the devastated motherland that awaited reconstruction, Lenin and the Bolshevik party promptly switched the focus of work to economic construction. Under the guidance of Lenin, the 10th CPSU (Bolshevik) Congress adopted the significant resolution on the transition from the wartime communist policy to the New Economic Policy [NEP]. Lenin firmly held that "Russia under the New Economic Policy will become socialist Russia." ("Collected Works of Lenin," Vol 33, p 401)

The NEP has a substantial content. One of the important aspects is that the state can adopt the concession system, a form of state capitalism, and employ foreign capital to restore and promote the productive force of the country. On 23 November 1920, the USSR issued a decree on the concessions issue. At the same time, Lenin had thoroughly expanded his thinking on the concessions system on several occasions in his important talks and works.

Concessions Have "Nothing in Common With Betraying the USSR"

According to the state decree on concessions: the concessions system would not abrogate the state ownership of the USSR; rather, the USSR signed contracts with foreign capitalists and leased some enterprises, mines and forests, that the country was unable to run or exploit for the time being, to the capitalists so that they could obtain the essential equipment and machinery from the capitalists to bring about a speedy recovery of the Soviet large-scale industry. Lenin once precisely explained the meaning of concessions when he said: "What are concessions from the standpoint of economic relations? They are state capitalism. The Soviet government concludes an agreement with a capitalist.The socialist state gives the capitalist its means of production such as factories, mines and materials. The capitalist operates as a contractor leasing socialist means of production, making a profit on his capital and delivering a part of his output to the socialist state." ("Collected Works of Lenin," Vol 32, pp 284-285) Lenin also listed the three objects of concessions: first, timber concessions in the far north, second, agricultural concessions and third, mining concessions in Siberia.

The proposal of the concessions issue had agitated some cadres and the masses. The main reason was that they feared that with the implementation of the concessions system, they would let the foreign capitalists in after having driven out those at home. Some even said, "Don't sell mother Russia in the form of concessions." This is because they did not understand the concessions policy. On the one hand, Lenin was very pleased to see that the masses treated with extreme suspicion every step that involved the possibility of new dangers of the restoration of capitalism. On the other hand, he held that publicity work of the concessions system must be carried out among the masses so as to explain to them that there was no question of selling out Russia to the capitalists. That was because the political power still remained in the hands of the working class and of the workers' state and all the terms of the concessions were under the control of the Soviet government. All concession agreements are limited to a definite period and by definite terms and are carefully considered as to their nature, terms and scale. Lenin firmly held that concessions were merely a kind of economic compromise with the capitalists and "there is no hint in them of selling Russia," ("Collected Works of Lenin," Vol 31, p 448)

"Concessions Are Convenient to Us Both Politically and Economically"

Lenin also pointed out the importance and necessity of implementing the concessions system at that time. He explicitly said: "Concessions are convenient to us both politically and economically, and we must make the best possible use of them." ("Collected Works of Lenin," Vol 31, p 436)

[HK230948] Politically speaking, implementing the concessions system was making use of the contradictions between the capitalist states so as to consolidate the situation of the USSR. At that time, Soviet Russia was in an adverse situation and it was surrounded by imperialist countries. With the implementation of the concessions system, Soviet Russia was able to deter the capitalist states from attacking it. Lenin pointed out: "Is it the correct policy for us to use the discord among the imperialist bandits to make it more difficult for them to unite against us, who are doing everything in our power to accelerate that revolution, but are in the position of a weak socialist republic that is being attacked by imperialist bandits? Of course, it is the correct policy." ("Collected Works of Lenin," Vol 31, p 427) Lenin knew very well that time was extremely important for a country that had just rid itself of the disasters of war. Time would be gained by implementing the concessions system and that "gaining time is gaining everything."

Economically speaking, it is very obvious that the implementation of the concessions system was advantageous to the Soviet Union. First, a portion of foreign capital was to be absorbed by means of concessions so as to make up for the inadequate construction funds. Lenin said, "How can we speed up the development of our economy while we are an economically weaker country? We can do that with the aid of bourgeois capital." ("Collected Works of Lenin," Vol 31, p 392) By implementing the concessions policy, a portion of foreign capital was to be absorbed by enterprises in the concessions. Second, advanced technology and equipment was to be imported by means of concessions. Lenin clearly understood that the economy of the Soviet Union was seriously sabotaged by the war and, without the help of foreign equipment and technology, it was impossible for the country to have a speedy recovery of its

national economy. Thus, Lenin advocated that "conceding a certain management right to the technologically advanced countries under rational conditions as a means to gain their help." Third, by means of concessions, the Soviet Union could train a technological force and learn some skills of enterprise management. According to Lenin, on the one hand, workers would be sent to study technology from enterprises of the concessions; on the other hand, Soviet plants would be set up near the enterprises of the concessions so as to learn their management skills.

As a matter of fact, Lenin also pointed out that concessions would cause some losses; for example, the foreign capitalists would consume a portion of oil, timber and other valuable products. However, Lenin held that this is only a kind of tribute which the workers' state pays to the world bourgeoisie. He frankly said, "Without in any way glossing this over, we must clearly realize that we stand to gain by paying this tribute, so long as it accelerates the restoration of our large-scale industry and substantially improves the conditions of the workers and peasants." ("Collected Works of Lenin," Vol 32, p 446)

"Concessions Are a Continuation of War"

Lenin not only pointed out that the implementation of concessions played an important role in consolidating and developing Soviet Russia, but also revealed that concessions were in essence a continuation of war. In many of his important speeches, he reiterated this important issue and reminded all party members and Soviet cadres to be alert. After foreign armed intervention had been shattered and after victories had been won in the civil war, Lenin timely pointed out: "It must be borne in mind that although we have now gained a military victory and have secured peace, history teaches us that no big question has ever been settled, and no revolution accomplished, without a series of wars. And we shall not forget this lesson. We have already taught a number of powerful countries not to wage war on us, but we cannot guarantee how long it will last. The imperialist predators will attack us again if there is the slightest change in the situation. We must be prepared for it." ("Collected Works of Lenin," Vol 31, p 449) The purpose of implementing the concessions policy is to bring about a speedy recovery and development of the economy so that Soviet Russia will be able to stand on a firm basis; and when troubles crop up, it will not be defeated.

Second, implementing the concessions policy is after all dealing with the capitalists of the imperialist states, and it is strange to maintain the private ownership system and the exploiting capitalists inside a socialist state. Therefore, Lenin further pointed out: "Concessions are a continuation of war by other means," that is a war in the economic field." ("Collected Works of Lenin," Vol 31, p 435 and Vol 32, p 302) Lenin also reminded the Soviet cadres and masses of the bourgeois greediness for profits and called on them to discard any illusion toward the foreign bourgeoisie. Lenin said critically, "They have never forgotten how to bargain, and will bargain at our expense. We are not forgetting that either, and do not in the least imagine commercial people anywhere turning into lambs and, having turned into lambs, offering us blessings of all sorts for nothing." ("Collected Works of Lenin," Vol 33, p 398) On the other hand, Lenin also hoped that the Soviet

cadres would be able to trade and earn money for the state and to lift the country out of its difficult economic situation.

[HK230950] Since concessions are a special kind of warfare between communist and capitalist modes of production, between two social patterns and between two kinds of economies, Lenin also predicted that "Some soviet towns will adopt some evil capitalist practices and the foreign bourgeoisie will attempt to corrupt our cadres to the extent that speculation and espionage will be active in our country." However, Lenin held that these are predictable phenomena and they are not at all dreadful. He pointed out, "Every means of administration, supervision, influence and action will be required," and "we must be on the alert and exercise our communist counterinfluence at every step." (Collected Works of Lenin," Vol 31, pp 417, 416) They must not be neglected and ignored.

Lenin's thinking on the concessions system is both substantial and complete. Today, more than half a century has past; the time, the national conditions and the tasks confronting us are different; however, if we can have a precise and thorough understanding of Lenin's thinking on the concessions system, it might help shed light on the ongoing open-door economic policy of our country.

CSO: 4006/399

NATIONAL POLICY AND ISSUES

HEILONGJIANG COMMENTARY ON ECONOMIC RESULTS

SK290812 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Mar 82

[Station commentary: "Enhance the Guiding Ideology and Pay Attention to Economic Results"]

[Excerpts] The party Central Committee stresses that enhancing the guiding ideology in industrial production and shifting industrial production to increase economic results are strategic policy decisions in economic work. We must enhance our understanding and earnestly implement them.

The main responsibility of socialist enterprises is to produce according to plans quality goods at a fair price, which enjoy good sales and are necessary for production and daily needs to achieve better economic results. Since the Heilongjiang passenger car manufacturing plant established the guiding ideology of "production means to serve society," it has enjoyed good economic results. It enjoys a good reputation because it has attached prime importance to improving product quality and increasing product varieties. It creates a record of obtaining an average annual increase of 35 percent in output value in 5 successive years.

Owing to the deeprooted influence of the leftist guiding ideology, many enterprises produce products which are not in line with the market trend. They blindly stress output value and product quantity. Some only pay attention to profit-making products and take no interest in products that are necessary but can earn only a little profit. They pay no attention to the situation, only their own interests. As a result, they obtain very few economic results. For instance, profits from every 100 yuan of manufactured goods in our province are only 5.7 yuan, 10.9 yuan below the national average. Our products are poor in quality but expensive. How can they be competitive on the market? However, our province has great potential even with poor economic results. If we enhance our guiding ideology in economic work, stress economic results and quicken our pace in the economic development, we can certainly blaze a new trail.

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NATIONAL POLICY AND ISSUES

'SHANXI RIBAO' ON CLASS STRUGGLE IN ECONOMIC FIELD

HK061033 Taiyuan SHANXI RIBAO in Chinese 22 Mar 82 p 3

[Article by Song Runxi [1345 3387 3886]: "Attach Importance to Class Struggle in the Economic Field"]

[Text] It was pointed out in the "resolution" of the party's Sixth Plenary Session that after the abolition of the exploiting class, class struggles will continue to exist for a long period of time in certain areas and will probably be intensified under certain conditions." Studying and understanding this idea of the "resolution" in connection with the current situation inside the party and particularly with the fact that there is a series of criminal activities in the economic field, we can boldly and assuredly draw the following conclusion: At present, it is necessary to attach great importance to the class struggle in the economic field and it is necessary to strike hard blows at various criminal activities in the economic field.

Since the Third Plenary Session, our country's economic front has been flourishing. However, certain questions still exist in spite of the good general situation. One of the outstanding problems is that economic crimes have run rampant in recent years to a horrifying degree. Some people tried all possible means to make use of contradictions between supply and demand, violating the state financial, foreign exchange, monetary administration, material supply and business management laws and regulations and making great profits out of engaging in speculative activities. Some people practiced corruption, theft, smuggling and selling contraband and some even openly evaded payment of taxes. All these have seriously sabotaged the state's planned economy and infringed upon the interests of the state and the masses. What merits our attention is that some cadres and even some leading cadres have gone so far as to ignore repeated injunctions by the party, and participated or supported various criminal activities in the economic field. In the face of such a situation, many places are using the weapon of law to strike hard blows at criminal activities in the economic field. The broad masses of cadres and people were happy about this. Some of them even lit firecrackers to congratulate the government on its success in ridding the people of a scourge. In the light of this, we see that attaching great importance to the class struggle in the economic field accords with the masses' desires.

Some comrades may worry that stressing the importance of class struggle once again will create ideological confusion because the party's work focus has

been shifted and class struggle is no longer the major contradiction. This is in fact a confused understanding. Reality has proved that the shift of work focus put forth at the party's Third Plenary Session and the resolute decision on stopping the use of the slogan "taking class struggle as the key link" are perfectly correct. However, in negating "taking class struggle as the key link," the party has never said that class struggle has been eliminated. We oppose the so-called theory of "stressing the importance of class struggle every year, every month and every day," but we do not say that it is forbidden and unnecessary to stress class struggle. We oppose the so-called theory of "not departing from the key link and line at any place, at any time or in anything we do," but we do not mean that class struggle does not exist anywhere at any time. We oppose the theory of "waging repeated struggles" and promoting exaggeration, but we do not advocate the practice of sending the horses to Nanshan and putting all our knives and guns in the storerooms, turning a blind eye and a deaf ear to the actual existing class struggle or the practice of not striking blows at illegal activities. We oppose the continuous launching of large scale mass movements which are like hurricanes, but we absolutely do not advocate that we can do without the masses and can launch struggles only by relying on a small number of professional personnel of the public security and legal departments. In short, what we oppose is the fallacious metaphysical practice of taking class struggle as the "key link" in everything and using the so-called class struggle to "command everything, replace everything and pound at everything"; we uphold the Marxist principles of seeking truth from facts, proceeding in everything from reality and that everything is dependent on time, place and the conditions. Under such circumstances, when faced with serious economic crimes, should we not squarely face the reality and should we not be determined to proceed from such reality in attaching great importance to the class struggle in the economic field, rely firmly on the masses, correctly make use of the weapon of law, actively adopt effective measures, and strike hard blows at and punish illegal elements for their sabotaging activities?

Certainly, when we attach importance to the class struggle in the economic field, we absolutely cannot repeat past mistakes of oversimplification, doing things in a rigid way regardless of specific conditions and launching movements like a passing breeze. In order to master the laws governing this struggle and gain the initiative in guiding this struggle, it is very essential for us to seriously study the new characteristics of this struggle. One of the major reasons for rampant illegal economic activities is that there has been collaboration inside and outside the country. [HK061035] At present we have established economic and trade intercourse with more than 170 countries and areas in the world. This is a requirement for modernization and is an unshakable principle. We must further develop economic intercourse with foreign countries in the future. However, some illegal elements and even some state cadres have taken advantage in the course of launching economic activities with foreign countries. In order to seek personal privileges, they openly ignored the interests of the state, violated economic discipline in relation to foreign trade and the state's policies and laws, betrayed the state's interests and sold the state's economic information, causing direct and severe economic damage to the state.

Collaboration between cadres of political organs and enterprises and illegal elements in the society is also a characteristic of the current class struggle in the economic field. The majority of our party members and cadres are good or relatively good. They take the lead in abiding by party discipline and state law and being honest in performing their official duties, and they play exemplary roles in not seeking personal privileges and in struggling arduously. However, there is a small number of party members and cadres who make use of their authority to tolerate, support or even participate in criminal activities. Their support and participation account for why some criminals can pass unimpeded and are secure in the knowledge that they have strong backing. They are blinded by lust for gain and their heads are turned by greed. They have forgotten the party's aim and lost their party principles. They are speaking and working for the bad elements and have become the bad elements' tools and "umbrellas."

Another characteristic of the current class struggle in the economic field is that certain economic criminals are engaging in various criminal activities under some legitimate banners such as "upholding open-door economic policies," "enlivening the economy," "for the benefits of the collective" and so on. All these can confuse and deceive the people somewhat. However, taking a comprehensive view of the recently exposed criminal activities, we cannot find anything in common with our reforms of the economic system and project of expanding the enterprises' decision-making power. We uphold an "open-door" policy because we want to develop the economy and we uphold "enlivening" because we want to change the situation which has been too rigidly controlled. The premise for all these is upholding the socialist orientation. What is the relationship between this and the illegal elements' criminal activities in the economic field?

In short, under the socialist system today, there would not have been criminal activities in the economic field if there had not been collaboration inside and outside the country and between upper and lower levels and if criminal activities had not been carried out under legitimate banners. Therefore, we must take the initiative to launch an appropriate attack in the following four aspects: First, peeling off the masks of the illegal elements and exposing the facts; second, seriously investigating and dealing with their support and striking hard blows at criminal activities which occur in the political organs. The big organs and powerful personages should be dealt with more promptly, severely and harshly; third, cutting off connections both inside and outside the country. Those who sell national information, humiliate the nation and forfeit its sovereignty and cause great losses to the party and country will have to be severely punished; fourth, resolutely punishing illegal elements in the society. In regard to those major economic criminals, we must confiscate their property and sentence them according to law so that they will lose both freedom and property. In waging this struggle, we must distinguish between two kinds of contradiction. We must educate the majority of people who commit general mistakes and in some serious cases, we must punish the criminals according to law. No matter who has committed crimes, those who should be punished or imprisoned must be punished or imprisoned. We must ensure that everyone is equal before the law. We must talk about truth and not just talk about face.

Dealing blows at criminal activities in the economic field and correctly launching the class struggle in the economic field absolutely does not imply promoting a mass movement. On the contrary, it means relying on the masses and making use of the weapon of law to correctly and efficiently launch this struggle. This is one of the questions that the CCP Central Committee is determined to solve this year. This struggle is related to the life or death of our party and our country and we are determined and confident of achieving a victory in this struggle.

CSO: 4006/399

NATIONAL POLICY AND ISSUES

'SHIJIE JINGJI DAOLAO' ON SPEED OF DEVELOPMENT

HK251451 Shanghai SHIJIE JINGJI DAOLAO in Chinese No 73, 1 Mar 82 p 9

[Article by Yin Bocheng [1438 0130 2052] and Yao Haijin [1202 3189 6855]:
"How Should 'Relatively Realistic Speed' Be Interpreted?"

[Text] In summarizing the characteristics of the new path of our country's future economic development, Premier Zhao Ziyang started off with a "relatively realistic speed." Why do we need a "relatively realistic speed," and how should we interpret a "relatively realistic speed?"

I. We Learned From the Experience of "More Haste, Less Speed"

For a long period of time in the past, our country has been onesidedly pursuing a high construction speed and hoping that the industrial and agricultural output would be increased by more than 10 percent each year. In order to rapidly lift our country from the state of "poverty and blankness" and to counter the threat and aggression of antagonistic foreign powers, developing the national economy at a high speed became the common desire of the people. However, the speed of development is not only determined by the need but also by the capability. It is possible for us to use the words "1 Day Equals 20 Years" to describe the superior features of the socialist system and it is necessary for us to use it to enhance people's vigor, but we can never use it to guide economic construction. We must work according to our capability and proceed in an orderly way and work step by step in developing speed and the scale of construction. More haste will only bring less speed. This is because one-sided pursuit of a high speed will only result in the following: first, we will only be concerned about accumulation and production and will neglect consumption and livelihood, thus violating the socialist aim of production and infringing upon the masses' enthusiasm; second, there will be one-sided development of heavy industry focusing on iron and steel production, creating an imbalance in the national economy; third, there will be blind promotion of capital construction projects and other new projects, thus extending the period of construction and leaving no room for production of consumer products; fourth, when all units and departments blindly pursue a high production speed and high production quotas, they will not take the product quality, market demand and production cost into consideration, thus bringing about bad results. The speed will consequently be slowed down when the results are bad. The guiding "leftist" ideology of blindly pursuing a high speed still existed in the early years after the smashing of the "gang of four." This accounts for why those

unrealistically high quotas and slogans were put forth again in 1978. Funds allocated for capital construction were increased by 50 percent over those of 1977 and complete sets of equipment were blindly and hastily imported from foreign countries. Contradictions in economic construction were eventually reflected by large financial deficits. The "leftist" guiding ideology was not corrected until the Third Plenary Session. People were taught a lesson by the past practice of a "high speed," and they gradually understood that the speed must be more realistic and should not be too high.

II. What Can Be Called "A Relatively Realistic Speed?"

Summing up both positive and negative experiences over the past 32 years since the founding of the country, we eventually understand that a "relatively realistic" speed in economic construction must be:

First of all, a speed that can be attained by means of our hard efforts. That is to say, the scale of construction must accord with the national condition and the capability of the country, and absolutely cannot be decided by our subjective wishes. The criterion for judging whether the scale of construction accords with the country's capability is that only that part of the year's gross social production that remains after deducting a part for the compensation of simple reproduction and public expenditure (such as administrative expenses and national defense expenses) and a part for an appropriate improvement in the people's living standards should be used for construction. Our country had a poor foundation to start with, our population is great and the living standard of our people is low. This is the actual condition of our country which decides that our scale of construction cannot be abruptly expanded and that the speed cannot be suddenly accelerated.

Second, a practical speed without exaggeration. There were many factors accounting for a high growth rate of industrial and agricultural output, a low growth rate of national revenue and an even lower rate of improvement of the people's living standard in the past. However, there were two major factors: First, a high rate of consumption and waste. According to estimates, during the "First 5-Year Plan," material consumption accounted for 44.3 percent of the gross social production. This proportion was gradually raised after the "Second 5-Year Plan" and reached 56 percent in 1979. The second factor was a serious accumulation of materials. Although higher production quotas and output value were fulfilled, the products were only accumulated in the storerooms because they were unmarketable and the quality was poor. For instance, calculating according to the actual volume of mechanical and electrical products installed and utilized that year, volume of products in storage at the end of 1979 was equivalent to 1-1/2 years' consumption. The fact that consumption was high and accumulation was great shows that there was a great deal of exaggeration in the gross output of industry and agriculture. In the future, we must produce better and more necessary products for the people by means of readjusting the economic structure and lowering the consumption rate, enabling the economy to develop at a speed which is not a sham in any form.

[HK251453] Third, a speed which lays a good foundation for developing accumulated strength in the future and absolutely not a speed which brings great ups and downs. Recalling the period of the "Great Leap Forward," industry

(mainly heavy industry) indeed developed at a tremendous speed. The output in 1958 was suddenly increased by 66 percent over that of 1957. How could we do this? We did this first by sacrificing agriculture and light industry and second by rigging up equipment and resources. As a result, we had to spend another 5 years healing the wounds and recuperating from the bad consequences of the 3-year "Great Leap Forward." That is to say, we spent 8 years doing nothing. At present, it seems that we are proceeding at a low speed in promoting readjustment, restructuring, consolidation and improvement, getting rid of various flaws existing in the current economy and coordinating proportionate relations. However, this will lay a solid foundation for developing accumulated strength in the future. Thus, our national economy will develop at a high speed on the new foundation and have greater "staying power."

Having understood the meaning of a "relatively realistic speed," we can correctly understand the current situation and the future principles and prospects. Although the gross industrial and agricultural output of our country only increased by a bit more than 3 percent amid readjustments in 1981, the situation was much better than in 1958 during the "Great Leap Forward." Of course, we do not mean the slower, the better. It does not imply that we are disregarding speed when we oppose pursuing speed one-sidedly. Under the premise of according with the national condition, complying with the country's capability and laying a good foundation for developing accumulated strength in the future, we demand an improved speed without exaggeration as soon as possible. The growth rate was 3 percent last year and it should be possible to maintain a growth rate of between 4 to 5 percent this year. There is hope that the speed of the "Seventh 5-Year Plan" will be higher than that of the "Sixth 5-Year Plan"; and it is hoped that it will be even higher 10 years hence.

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'JINGJI YANJIU' ON SOCIALIST STATE OWNERSHIP

HK130931 Beijing JINGJI YANJIU in Chinese No 3, 20 March 82 pp 44-49

[Article by Zhu Yuanzhen [2612 0337 3791] and Liu Zhidian [0491 1807 0368] of the Economic Department of the Beijing Teacher's College and Liu Xun [0491 1789] of the Economic Research Institute of the Academy of Social Sciences of China: "The Essence of Reforming the Economic Management System is Not to Change Socialist State Ownership"--passages within slantlines denote boldface]

[Text] Over the last 2 years, China's economists have made an extensive discussion on the relationship between the reform of the economic management system and socialist state ownership. In This discussion, some comrades held that socialist ownership by the whole people in form of the state ownership, that is, socialist state ownership, does not suit the socialized productive force. In their opinion, this ownership system does not directly link producers with the means of production. It is therefore the root of all kinds of maladies in our economic life. Thus, they maintained, the essential purpose of reforming the economic management system is to change socialist state ownership. But in our opinion, this viewpoint is not correct.

I. Socialist State Ownership is in Conformity with the Current Level of China's Social Productive Force

One of the reasons given by those people who held that the essential purpose of reforming the economic management system was to change socialist state ownership was the nonconformity between this ownership system and the socialized level of China's productive forces. There are two kinds of "nonconformity theory."

The first kind of "nonconformity theory" does not recognize the characteristics of China's socialist revolution. It says that both when the Chinese Proletariat seized state power and now, 30 years after the seizure of power, the socialized level of China's productive forces is too low to realize nationalization of the means of production. Is it really true that the establishment of socialist state ownership in an economically underdeveloped country such as ours overstepped the level of the growth of its productive forces? Practice has given a negative answer.

First, on the eve of the seizure of state power by the Chinese Proletariat, modern industry was already highly concentrated, though its proportion in the national economy was not great. Bureaucrat capital, headed by the four families of Jiang, Song, Kong and Chen, accounted for over 80 percent of the gross capitalist product of the whole country and controlled the lifeblood of the national economy. The system of state monopoly capitalism was then also adopted. After the founding of the People's Republic of China, the national regime of the people's democratic dictatorship, that is, the dictatorship of the Proletariat, confiscated the enterprises of bureaucrat capital and transformed them into socialist state-owned enterprises, which formed the main body of socialist state ownership. On this basis, national capitalist private ownership was then transformed step by step into socialist state ownership. All this was a historical necessity in China. This development is in conformity with the law that the production relations must suit the nature of the productive forces. In particular, transforming bureaucrat capital state ownership into socialist state ownership was exactly a characteristic of China's revolution. It was the economic foundation for the transition from the new democratic revolution to socialist revolution.

Secondly, Marx and Engels once conceived that socialism would succeed simultaneously in some developed capitalist countries. They also pointed out: /"The Proletariat will seize state power and begin by transforming the means of production into state property."/ (Engels: "Anti Duhring," "Selected Works of Marx and Engels" vol, III p 320) However, we cannot thus make a conclusion that China has not been provided with social productive forces as a base on which socialist state ownership can be founded. In fact, the level of the growth of modern industrial productive forces, which is an objective condition for socialist revolution and socialist state ownership, is not inflexible. The objective conditions for realizing Proletariat socialist revolution and establishing socialist state ownership raised by Marx and Engels in "The Communist Manifesto" were based on the level of the British industrial productive forces at that time, which was far lower than the current level of developed capitalist countries. Over the last 32 years, China has achieved great successes in industrial construction and has progressively established an independent and relatively integrated industrial system and national economic system. The socialized level of China's industrial production has been greatly raised. The material foundation of socialist state ownership has been considerably strengthened. Of course, the current level of China's productive forces is still far lower than the high plane where all means of production can be publicly owned by the whole society. Now, most laborers are still living in a collective ownership economy. A small number of them even have individual ownership relationships. But, none of this is a reason for negating the existence of socialist state ownership in China.

The second kind of "non conformity theory " held that, since the socialist transformation has been largely completed in China, the socialized level of productive forces had been greatly raised, socialist state ownership is therefore out of date and has become an obstacle to the development of social productive forces. This opinion does not tally with the actual situation of socialist economic development in China.

First, the continuous improvement of China's industrial socialization arose exactly from nothing but the basic accomplishment of the socialist transformation, especially the founding of socialist state ownership. Comparing 1980 with 1956, cotton yarn increased by 2 times; the output of coal increased by 4.5 times; the output of steel increased by 7.3 times and electric energy production increased by 17 times. This is important evidence that the socialist state ownership is much superior to the old system. It shows that production relations in under socialist state ownership are completely suited to the level of the development of productive forces. Of course, the superiority of our socialist economic system has not been given full play. But those problems which arose after the socialist transformation are not maladies inherent in socialist state ownership. They are caused by mistakes in the guidelines and backward economic management systems. It is not a correct attitude of seeking truth from facts if we attribute all these problems to socialist state ownership and proceed to negate the necessity of its existence.

Secondly, the comrades who maintained this "outdated theory" often quoted Engels' following words as their basis: "The first act in which the state really comes forward as the representative of the whole of society--the taking possession of the means of production in the name of society--is at the same time its last independent act as a state. The interference of state power in social relations becomes superfluous in one sphere after another, and then dies away by itself. The government of persons is replaced by the administration of things and leadership of the production processes." (Engels: "Anti Duhring," "Selected Works of Marx and Engels" vol III, p 320) Taken literally, "the first act" here is "the last independent act" and it appears that the task of a socialist state is to use the strength of the Proletariat dictatorship to expropriate the exploiters. Once this task is completed, the existence of socialist state ownership thus seems to be superfluous. Understanding Engels' words in this way is not correct. This is because, Engels wrote another important sentence immediately after the above: "The state is not abolished, /it withers away./" Taken in entirety, these words tell us that socialist state ownership will evolve into another form of social ownership of the means of production, and the state will gradually wither away in this course. It does not mean socialist state ownership should be abolished before the state withers away. Of course, when the state is withering away, the forms of intervention in and management of the social economy by state power will not be unalterable. After the October revolution, Lenin hoped to separate the organs of state power from the economic management organs step-by-step. He hoped the guiding center of the social economy could be moved from the state power organs to the leading socioeconomic organs step-by-step. But the past practice of socialist countries has shown that, up until the present, the conditions for setting up a kind of central leading organ capable of guiding the social economy and independent of the state power of the Proletariat dictatorship have never arisen. The reality in China requires us to improve and strengthen, rather than weaken, the leadership and management of the state over the social economy, particularly the state-owned economy.

II. Socialist State Ownership is One of the Ways of Directly Combining Laborers With the Means of Production

Some comrades think that, in socialist state ownership, the state owns the means of production on behalf of the working people. Thus, laborers and the means of production do not directly combine, but just combine indirectly. As a result, the laborer's initiative and creativity cannot be brought into full play. Therefore, it is necessary to take changing socialist state ownership as the final aim in reforming the economic management system. This opinion is not correct either.

First, it is necessary to clarify what is the direct way and what is the indirect way for combining laborers and the means of production.

Marx said, "No matter what social forms production take, laborers and the means of production are always the factors of production. But, when these two factors are separated, they are just possible factors of production. Whenever there is production, these two factors must be combined. The specific ways and methods of combination divides the social structure into different economic periods." (Marx: "Das Kapital" vol II, published in 1975, p 44) the so-called "direct combination" mode indicates unity between laborers and the means of production, that is to say, the means of production used by the laborers belong to nobody but themselves. In the history of social development, there were different specific forms of this "direct combination" mode. For example, this direct combination mode can be found in primitive communes, in the production of peasants and handicraftsmen under private ownership, and in production under modern socialist public ownership. The so-called "indirect combination" mode indicates the separation of laborers from the ownership of the means of production. This separation means laborers lose the means of production, but non-laborers can own the means of production, thus forcing a laborer "to become a slave of other men who have made themselves the owners of the objective conditions of labor. He can work only with their permission, hence live only with their permission." All exploitive systems in history are specific forms of indirect combination of laborers and the means of production, talking about the direct mode and indirect mode of combination without making this concrete definition is not proper.

Secondly, the specific modes and ways of combining laborers with the means of production should be analyzed from an historical point of view. It is not possible to abstractedly judge whether "the direct combination" or "the indirect combination" is better.

In the course of the development of human society, the specific modes and ways of combining laborers and the means of production always established on the basis of some specific material conditions, and they are decided by the development of the productive forces. The direct combination forms in primitive communes and in household agricultural and handicraft production are based on the material conditions characterized by a low level of product of forces and underdevelopment of division of labor insociety. These two forms can closely and directly combine laborers with the means of production, but Marx still called them "naive forms which are not suited to developing labor into /social/

labor or to improving the productive forces of social labor." When the productive forces develop, the separation of laborers from the means of production occur. Both the slave system and the feudal system are specific forms of indirect combination between laborers and the means of production. The forms of capital have made this separation of laborers from the means of production develop to an extreme. Compared with the primitive naive "direct combination," this separation (indirect combination mode) is historical progress. It has promoted the development of social productive forces. The capitalist mode of production has created the material foundation for socialized mass production. The Proletariat and broad laboring masses waged revolution, "expropriated the exploiters" and established socialist public ownership of the means of production. Thus "the former unity" can be restored and the direct combination of laborers and the means of production can be realized. This direct combination is not simply a repetition of the former direct combination, but is a direct combination of opposites, in the form of capital, based on socialized mass production.

Thirdly, socialist state ownership is not an indirect mode of combination, but a direct mode of combination between laborers and the means of production.

In history, there were state ownership by the slave-owner class, state ownership by the feudal landlord class and state ownership by the bourgeoisie. The nature of socialist state ownership is absolutely different from capitalist state ownership and all other forms of state ownership in history. After the Proletariat overthrows the rule of capital and replaces capitalist private ownership with socialist public ownership, the capital ghost which is a barrier interposed between laborers and the means of production will be thus removed and laborers can directly combine with the means of production. This completely conforms with China's socialist state ownership.

Socialist ownership by the whole people indicates that the means of production are owned by the whole society, instead of by individual members in the society or by the collectives formed by some producers. The means of production owned by all working people are unified and inseparable. Only a social center which represents the interests of the whole working people can control and arrange them. When the state still exists, this social center is nothing but the state of the Proletariat dictatorship. Under the leadership of the Proletariat party and functioning as a real representative of the whole society, the state concentrates the means of production in a nationwide sphere, thus realizing common ownership of the means of production by the whole society. Therefore, it is inevitable for socialist ownership by the whole people to take a form of state ownership. In this way, a laborer is both an owner and a user of the means of production. Laborers are no longer separated from the means of production and the two sides are now directly combined.

It cannot be negated that, in the course of development of the communist society, direct combination between laborers and the means of production must go through different stages from low to high levels. As compared with communist ownership by the whole people, direct combination in the form of socialist state ownership is still at a low level. Even so, the direct combination mode based on socialized mass production can still promote the development of the social productive forces.

However, in actual life, laborers cannot fully gain position and rights of masters even under the direct combination mode of socialist state ownership. Sometimes, their position and rights as masters were even undermined. Why could this occur? In our opinion, socialist state ownership cannot be considered as a condition for "reseparating" laborers from the means of production; the socialist state cannot be considered as an "alien" force to the working people. In fact, both socialist state ownership and the socialist state themselves were undermined by alien "forces," such as the Lin Biao and Jiang Qing counter-revolutionary cliques. There is no doubt that all kinds of bureaucracy in the socialist state ownership are also seriously obstructing the laborers from enjoying position and rights of masters. But it cannot be considered that bureaucracy is an inevitable product of socialist state ownership. In fact, socialist state ownership and bureaucracy are incompatible.

III. Social State Ownership is Not the Root of Various Current Maladies in Our Economy

In the opinion of some comrades, various maladies in China's current economic management system, such as state power organs taking the place of economic organs, enterprises being reduced to subsidiaries of the administrative organs at all levels and losing independent autonomy, economic management by more administrative measures instead of economic measures, and so on, are rooted in socialist state ownership. So, they maintain, to reform the economic management system, to overcome these maladies and to promote the development of social productive force, in the end, it is necessary to change the state ownership system. We cannot agree with this argument.

First, the problems of socialist state ownership and of the economic management system cannot be lumped together.

It should be seen that, though the current economic management system in China is related to socialist state ownership, they are, in the end, different sorts of things. This is because: 1) their contents are different. As a form of socialist ownership by the whole people, the essential character of socialist state ownership is the nationwide concentration of the means of production for the working people. As the representative of the whole society and in the name of society, the state owns the means of production and retains their ownership, so as to organize and manage the major economic activities in the entire economy under the ownership by the whole people in the light of the interests of the working people in the whole country. The economic management system we are talking about refers to the whole system of organization forms in production, circulation and distribution, the division of decision-making power and the economic management ways and means under socialist state ownership. Its main task is to set up a scientific and perfect labor organization in accordance with socialist economic laws, so as to bring about high productivity. 2) Socialist state ownership is determined by the development of socialized mass production. As the productive forces have not yet developed to the stage that the state withers away, this ownership system will continue to exist. The economic management system is not only determined by the productive force development and the nature of ownership. It is also influenced by different actual conditions and management experiences. Meanwhile, under the same

socialist state ownership, there can be different modes of economic management systems. 3) China's current economic management system was copied from the Soviet Union in the 1950's. Many aspects in this system do not conform with the socialist economic development patterns in China. China's socialist state ownership is precisely an inevitable outcome of the historical development of China's socialist revolution and construction.

Secondly, "the replacement of economic organs by state power organs," is not an essential characteristic of socialist state ownership.

As is known, economic organs, which are different from state power organs, are formed by adapting to objective needs in economic development. The states of the Proletariat dictatorship though have a function in organizing the economy and setting up some departments in charge of economic affairs, are themselves not economic organs. Those phenomena, such as the replacement of economic organs by the state power organs and the enterprises being reduced to subsidiaries of the state power organs at all levels, are not the inevitable outcome of socialist state ownership, but a kind of malady in the current economic management system. They are the consequence of lumping the functional organs in charge of economic affairs in the socialist state with the economic organs.

Over the last 2 years, in our elementary practice of reforming the economic management system, a number of enterprises have broken through the former limits of administrative departments and areas; they have carried out reorganization and integration, and created a new form of economic organization--the integrated enterprise. These economic organizations have been separated from the state power organs, but the ownership of their means of production has not been changed, they are still owned by the socialist state. Since the separation of enterprise management from government administration does not change the nature of the socialist state ownership, it can prove that the problems of "enterprise management being lumped together with government administration" and "enterprise management being replaced by government administration" have no relation to the nature of the socialist state ownership. They are not the essential characteristics of this ownership system.

Third, "all powers on economic affairs should be centralized to the state, enterprises should not have independent autonomy in these affairs." This is not an essential demand of the socialist state ownership.

Under the condition of the socialist state ownership, an enterprise, as a basic unit in production and exchange activities, should be given relatively independent autonomy. That is to say, the economic power relations between the state and the enterprise should be a relationship between democracy and centralization, should be a unified relationship between the centralized leadership of the state and the independent autonomy of the enterprise.

When talking about how to exercise democracy in enterprises under the socialist ownership system, Lenin pointed out that the trade unions should organize the broad working masses "to take a direct part in economic management," "to fight against bureaucratization of the economic organs in the Soviet Government," so as to "truly give effect to the people's supervision." (Lenin: "On the

Trade Union, the Current Situation and the Mistakes of Trotsky and Bukharin," "Selected Works of Lenin," vol 4, p 461) Of course, Lenin also stressed the integrity of the inseparable socialist state ownership in these enterprises owned by the whole people. He said: "To legalize directly or indirectly the ownership of their own production units by the workers in individual plants or trades, or to legalize their rights to weaken or to obstruct the execution of orders issued by the national regime, is a tremendous distortion of the basic principles of the Soviet regime and a thorough renouncement of socialism." (Lenin "On the Democracy [words indistinct] Soviet Nature of Socialism," manuscripts of Lenin, vol 3, p 79)

Our economic management system copied from the Soviet Union has the maladies of overemphasizing the centralized leadership of the state and neglecting the independent autonomy of the enterprises. Because the state departments excessively and overrigidly control the enterprises, the initiative and mobility of the enterprises cannot be brought into play, the master position of workers is weakened, thus blocking the growth of productive force. As early as in 1956, aiming at these maladies of the current economic management system, our party made a summary and laid down the policies for reforming this system. It is regrettable that, owing to various reasons, these policies could not be properly put into effect. They were not put on our working agenda until the 3d plenary session of the 11th CCP Central Committee in 1978.

Fourth, "the economy is managed by administrative measures in place of economic measures." This is not decided by the essence of the socialist state ownership.

Under the condition of the socialist system of ownership by the whole people, the state enforces "administrative interference" in the national economy, and adopts scientific administrative leading measures. This is suited to the needs of socialized mass production and is necessary in working according to objective socialist economic laws. If this indispensable "administrative interference" and the scientific administrative measures in the economic work are discarded, that is equal to relinquishing the unified leadership by the state over the overall economy and to abandoning the planned economy. Is that not just like a band losing its conductor and an army losing its commander? When we are reforming the economic management system, it is absolutely necessary to expand the independent autonomy of the enterprises, but this can never weaken the unified leadership by the state over the whole national economy, never lead to giving up the guidance of state plans and the necessary administrative interference.

"Replacing economic measures with administrative measures" is undoubtedly incorrect, but these two aspects should not be set one against another. Administrative measures should not be absolutely negated, let alone be lumped together with bureaucratism and arbitrary orders. In socialist economic management, both administrative and economic measures are indispensable; they should be properly linked together. Both administrative and economic measures should be based on socialist economic laws. It is not appropriate to simply consider that administrative measures are bound to violate economic laws. By adopting administrative measures, the socialist state can formulate and issue unified

national economic plans (including the assignment of some plan targets as instructions on the production of some major products), and lay down and release policies and decrees on economic affairs. All this should be done on the basis of the objective economic laws. The administrative measures in line with the objective economic laws are scientific ones, and they are absolutely indispensable. Only those bureaucratic administrative measures against the economic laws should be resolutely abandoned.

To sum up, though the socialist state ownership system is related to the current economic management system, they are not equivalent to one another. The maladies occurring in the current economic management system are not inevitably related to, and have no essential relations with socialist state ownership. Therefore, the conclusion that the essential purpose of reforming the economic management system is to change the socialist state ownership is incorrect.

IV. Adhering to the Correct Orientation in Reforming the Socialist Economic Management System in China

Under China's current conditions, the existence and development of the socialist state ownership system is a historical necessity; thus this ownership system cannot be randomly abolished. If it is abolished at present, the state of the people's democratic dictatorship or the dictatorship of the Proletariat can no longer be a socioeconomic power center, a centralized and unified organizer and leader of the economy under the whole people ownership system. Then, are there any other strength and organizations in society that can take its place and play the same authoritative role to enforce unified planned leadership over the whole national economy and to guarantee the ownership of the means of production by the whole people? This state of affairs will certainly result in each enterprise going its own way and the national economy falling into anarchy.

Of course, it does not mean that the current economic management system in our country does not need to be reformed. Reform is imperative under the current circumstances. The problem is what should be reformed, how to reform it and what aims should be attained in this reform. After study and discussion in the last 2 years, economists basically agree that, the principles and the orientation in reforming China's economic management system should be as follows: while keeping the system of public ownership of the means of production in a dominant position, make great efforts to develop commodity production in the light of the principles of the socialist planned economy; conscientiously applying economic laws, breaking with the old administrative conventions and shaking off the ideology arising from the natural economy, change over from the old policymaking system of overcentralization by the state to a new policymaking system under which regulation by planning mechanism plays a major role and regulation by market mechanism plays a supplementary role and all aspects of the state, the collective and the individual laborer can be well coordinated; and change over from economic management mainly by administrative measures to economic management mainly by economic organization, economic measures and economic laws and regulations. The purpose of the reform is to establish a Chinese-style socialist economic management system in the light of China's specific conditions, to arouse initiative in all respects, to reasonably or-

ganize economic activities and to achieve the best economic results with the lowest labor consumption, so as to speed up our socialist modernization construction.

It can thus be seen that the reform of the economic management system currently going on in China is not to change or to abolish the socialist state ownership system, but to help consolidate and develop the socialist state ownership system. Those opinions that the essential purpose of reforming the economic management system is to change the state ownership form of the socialist system of ownership by the whole people into the so-called "social ownership system" or "autonomous system of ownership by the whole people," or the so-called "enterprise ownership system," can only bring confusion to our economic reform in theory and in practice.

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NATIONAL POLICY AND ISSUES

'JINGJI YANJIU' ON PRC RURAL MARKET, MODERNIZATION

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[Article by Yang Chengxun [2799 2110 6064] of the Henan Provincial Economic Research Institute of the Academy of Social Sciences: "Role of the Rural Market in Promoting China's Modernization Program"]

[Text] Our country has a population of 1 billion people, of whom 800 million are peasants. Our economy and culture are relatively backward. These are our difficulties. Hence, in undertaking the modernization program, we must take this into account, and if we ignore it we shall be committing leftist errors. But can we not change the disadvantageous factors into advantageous factors? Comrade Mao Zedong said: "The results of the struggle between two opposing parties in a confrontation are usually seen in their mutual conversion under certain conditions. Herein, the conditions play an important role (Mao Zedong: "On the Problem of Correctly Handling the People's Internal Contradictions," "Selected Works of Mao Zedong," vol 5, p 398). Do we have the necessary conditions for conversion? Yes, we have. Of them, an important one is that by means of bringing the superiority of the socialist system into full play we can arouse the enthusiasm of the 800 million peasants and promote the development of agriculture, industry and the entire national economy. The events following the 3d plenary session of the 11th CCP Central Committee have fully confirmed that this can be accomplished and that the focal point depends on the adoption of a correct policy. As we see it now, the following measures are effective: 1. Improving the operation and management of the collective economy and its organizational forms through the implementation of the various forms of the responsibility system of linking remuneration to output. 2. Readjusting the rural economic structure through the development of diversified operations. 3. Promoting advanced scientific technology and advancing in the direction of agricultural modernization in line with local conditions. 4. Promoting the coordinated development of agriculture, industry and the entire national economy through enlivening the rural market. If these measures are all effectively carried out, then our "burden" can be converted into a motive force. In this article, the winner will present his crude views on how to utilize the role of the rural market in the modernization program.

The Vast Domestic Market Can Be Converted into an Enormous Motive Force For Economic Development

The historical development of capitalism over the past several hundred years has demonstrated that a continuously expanding market is an important condition for the existence and development of socialized large-scale production. One of the special features of the capitalist economy is that it is built on the foundation of the existence and growth of foreign trade. Just as Marx described: "The discovery of the American continent has prepared the ground for the establishment by big industry of a world market. The world market has enabled commerce, navigation and inland communications to develop greatly. In turn, this development has promoted the expansion and development of industry. At the same time, the greater industry, commerce, navigation and railroad communications expanded and developed, the greater the capitalist class developed, the more they increased their capital, and the more they pushed the remnant classes of the middle ages to the back corners" (Marx and Engels: "Communist Manifesto," "Selected Works of Marx and Engels," vol 1, p 252). Without the existence of a market, in particular without a world market, modern industry and technology would not have developed so rapidly, and nor would the capitalist system have been established so solidly.

Although the nature and purpose of socialist production and capitalist production differ from one another, both of them are socialized large-scale production and hence must have many laws and regulations in common. For example, both require the condition of the existence of a market and both depend on market expansion as the motive force for promotion of production. For a fairly long time, socialist production will still be production of commodities. It is commodity production based on the public ownership system and under the guidance of a planned economy, and it is unthinkable not to have a daily expanding market. However, on account of the restrictions of historical conditions and the nature of society, it cannot depend on a world market. Rather, it principally depends on the domestic market engendering a benign cycle for social reproduction based on continuously satisfying the daily increasing material and cultural needs of the people of our country. This is different from the market condition of capitalism. It is also a manifestation of the superior character of the socialist system. This is because under the socialist system the chronic disease of a dwindling domestic market does not exist. On the contrary, the tendency is that frequently production cannot catch up with the growing social needs and the domestic market is daily expanding. If utilized well, the conditions for production development are far superior to those under capitalism.

Other special features of the domestic market in our country are the following: the rural population makes up more than 80 percent of the total population. The consumer public consists of two categories: the urban residents and the rural residents. Their proportion is 2:8. The great majority of the consumer public are in the countryside and the rural market is the principal constituent of the domestic market. At the time of the democratic revolution, Comrade Mao Zedong had already pointed out this special feature. He said: "Peasants--they constitute the principal part of China's industrial market. Only they are capable of providing plentiful grain and raw materials and absorbing the largest quantity of industrial goods" (Mao Zedong: "On a Coalition Government,"

"Selected Works of Mao Zedong," People's Publishing House, 1966 edition, horizontal typesetting, p 978). Following the basic completion of the transformation of the system of private ownership of the means of production, he again pointed out on several occasions: "Now we have founded a socialist rural economy. Regardless of whether light industry or heavy industry is being developed, the countryside provides an extremely large market" (Mao Zedong: "Speech at Conference of Party Secretaries of Provinces, Municipalities and Autonomous Regions," "Selected Works of Mao Zedong," vol 5, p 360). This line of thought on the part of Comrade Mao Zedong completely conformed with China's realities. However, subsequently due to the leftist rural policy and other leftist errors, this correct ideology was never thoroughly implemented. This was one of the reasons for the subsequent imbalance in the national economy.

In my opinion, we can make an assessment as follows: the role of our rural market in the socialist modernization program is tantamount to that played by the new American continent discovered by the capitalist at the height of their development. While capitalism has relied principally on the utilization of the world market to accomplish modernization and has taken several centuries in so doing, similarly socialism can rely principally on the domestic market with the rural market as its center for the realization of its modernization program but will take much less time in so doing. Naturally, this does not mean that the international market can be completely dispensed with. On the contrary, the international market also plays an important role in promoting our construction program and therefore cannot be ignored in the slightest degree. Nevertheless, we should focus on the domestic market. At the same time, this does not mean that the urban market in the country is not important, since at the moment, the retail sales of commodities in the urban areas make up 40 to 50 percent of the gross retail sales of the country and from now on the urban areas will continue to be an important part of the domestic market. However, viewed from the standpoint of future development and of market potential, the consumption power of the rural areas will far surpass that of the cities and towns and will assuredly play a much larger promotional role on the entire national economy. Because:

First, the rural market has an enormous capacity. Because the rural population consists of over 800 million people, which is equivalent to 4 times the population of the United States, 7 times that of Japan and 16 times that of France, their consumption capacity is naturally enormous. Viewed from the angle of the volume of money in circulation, cash disbursements of the countryside make up over 60 percent of the gross volume of cash in circulation. If we include the purchases made in the urban areas by rural residents, the volume of retail sales of commodities to people in the countryside makes up roughly 70 percent of the gross volume of the retail sales of the country. Of the gross retail sales of industrial consumer goods (including means of production for agricultural use), the countryside occupies roughly 60 to 70 percent. In reality, the volume of the retail sales of commodities cannot entirely indicate the actual volume of demand on the part of the peasants. Quite a large portion of the sales of commodities were carried out via many and varied channels and it is difficult to compile really exhaustive statistics concerning them. In particular, commodities are presently in short supply. There are

many instances of peasants holding RMB notes in their hands but being unable to procure the goods they want on account of the short supply. According to an investigation made in Wubu County of Henan Province, the average per capita cash holdings of commune members in the countryside were 10.14 yuan at the end of 1978, 13.98 yuan at the end of 1979, and 20.59 yuan in 1980. In other words, over a 3-year period, the amount increased by over 100 percent. It is found that at the end of 1980, the total amount of cash holdings and savings deposits of commune members amounted to 34.4 percent of the gross monetary receipts of the commune members. This would seem to indicate that roughly 1/3 of the purchasing power could not be realized and had to be withheld. Even at this rate of 1/3 it could mean that the actual market deficiency for the country as a whole amounted to several tens of billion yuan. In particular, the shortage of consumer durables was especially serious. For example, the following table illustrates the disparity between demand backed by actual purchasing power and the available supply of major commodities in Xixia County:

Commodity	Unit	Demand	Available Supply	Shortage	Percentage of Shortage to Demand
Bicycles	1	8353	3000	5353	64.1
Wristwatches	1	6462	1300	5162	79.9
Sewing Machines	1	9848	2000	7859	79.8
Radios	1	8420	3200	5157	61.2
High-Grade Apparel	10,000	24.8	11	13.8	55.6
Small Electric Fans	1	123	0	123	100

If it is assumed that in order to give the consumer some leeway in the choice of goods and that for every 100 yuan of purchasing power, commodities worth several hundred yuan must be held in readiness, then a much larger volume of commodities would be needed. In such a case, even if the entire output of light industry in the country at present were sent to the rural market, it would still not be sufficient to meet the demand.

Second, in the countryside the growth in commodity consumption does not take place at an average speed but rather at an accelerated speed. Since the 3d plenary session of the 11th CCP Central Committee, the increase in the state purchase price of agricultural products, the implementation of the system of linking remuneration to output, and the development of diversified operations have enabled the peasant masses, whose income was at a very low level for many years, to have their income rapidly increased. In the 18 years between 1959 and 1976, the income of the peasants averaged an annual increase of less than 1 percent. In some of the years, there was actually a decrease. Beginning from 1977, the income of the peasants averaged an increase of 10 percent, while in 1978 and 1979, the increase was 20 percent and in many localities (particularly the backward areas) the increase actually reached 30 to 50 per-

cent. Take for example the savings deposits of commune members in Henan Province. In the 7 years between 1970 and 1976, the gross amount of deposits increased by less than 200 million yuan, but in the 5 years from 1976 to 1980 the increase was nearly 500 million yuan while in the 2 years 1979 and 1980 an increase of 400 million yuan was made. Hereafter, following the further implementation of the policy of the third plenary session, agricultural production and the peasants' income will continue to increase. This will form the basis for the continued expansion of the rural market. Meantime, because of their originally low basic level, the extent of the increase will surpass that in the cities and towns.

It must be pointed out that expansion in the volume of demand in the rural market and the increase in the income of the peasants do not progress in a parallel manner but that the former gathers speed faster than the latter. This is because our rural villages are still in the process of transition from "self-contained consumption to semiself-contained consumption thence to consumption of a commodity or commercialized nature. The greater the increase in the peasants' income, the greater will be the relative weight of the consumption of a commodity nature. The law governing this transition may be illustrated by the following tabulation of the economic conditions of our country's peasants during the 3 years 1978 to 1980: (note: the materials in this tabulation are based on investigation data released by the state statistics bureau and published in RENMIN RIBAO on 3 January 1981; figures for 1980 are approximate, computed on the basis of data from the state statistics bureau):

Year	Per Capita Income		Net Per Capita Living Expenses		Self-contained Consumption			Commercialized Consumption		
	Amount	Increase (A)	Amount	Increase (A)	Per Capita Amount	Increase (A)	Ratio (B)	Per Capita Amount	Increase (A)	Ratio (B)
	(Yuan)	(Per-cent)	(Yuan)	(Per-cent)	(Yuan)	(Per-cent)	(Per-cent)	(Yuan)	(Per-cent)	(Per-cent)
1978	134.0	--	115.86	--	71.02	--	61.3	44.84	--	38.7
1979	160.2	19.5	134.50	16.1	76.28	9.7	56.7	58.25	29.9	43.3
1980	206.4	29.1	165.1	22.7	82.55	8.2	50.0	82.55	41.7	50

Note: (A) Increase over preceding year;
(B) Ratio of total living expenses.

The above table shows: 1. The increase in the peasants' net income and the rise in their living expenses do not follow the steps of the ratio between self-contained consumption and total living expenses. Rather, they follow the steps of the ratio between commercialized consumption and total living expenses. 2. Accompanying the increase in the peasants' income and the improvement in

their living the speed of increase in self-contained consumption shows a progressively decreasing trend whereas commercialized consumption shows a progressively increasing trend. 3. The speed of the increase in commercialized consumption surpasses that of net income and that of living expenses. The reasons are exceedingly simple. The self-contained consumption of the peasants consists principally of the basic materials of life. As soon as it increases to a certain limit, it will begin to fall, or not to increase at all. On the other hand, commercialized consumption consists principally of materials for enjoyment or for development. The demand for them is unlimited. For example, when the grain ration reaches 500 to 600 jin, there is no need for any further increase, and after the problem of filling the stomach has been well settled, the peasants will turn their major attention to improvements in clothing, housing, articles of daily use, transportation, culture and recreation. Simultaneously, the demand for industrial food may also increase. For this reason, in planning for the rural market we should take into consideration not only the peasants' income but also the trend of the peasants' consumption of a commodity nature increasing at an accelerated pace.

Third, there is also a progressively increasing demand for products of better quality. Generally speaking, the consumption level of the peasants is much lower than that of urban residents. All that they want is that the goods are cheap in price and durable in quality. But in more recent years the peasants have begun to purchase goods of a higher-grade and in many respects to gradually follow the example of the urban residents. This is also a trend worthy of note. Thus, we have not only the mission of expanding the sale of commodities in the rural market but also that of improving the quality of the industrial products, that is to say, gradually improving the quality of the products on top of their popularization. This means that for the sake of the industrial enterprises we must study the special features and changes in rural consumption, in order that we can better serve the needs of the 800 million peasants.

The above has special reference to the means of subsistence. As a matter of fact, the demand for the means of production also tends to increase at an accelerated pace.

In short, we should pay special attention to the unlimitedly extensive rural market and consider it as a more important factor than the "discovery of the new American continent" formerly. The failure to understand this will mean the failure to know the reasons for the sharp contradiction between supply and demand and far less to take it as an important motive force. At present, on the one hand, there are big gaps in our rural market and on the other hand many industrial enterprises are not operating at full or sufficient capacity. This contradictory phenomenon precisely illustrates that we have failed to comprehend and consciously utilize this important factor, thus adversely affecting the benign cycle in social reproduction. Marx once said: "Speaking simply from labor itself, social production can be divided into the two main categories of agriculture and industry. This may be known as the general division of labor" (Marx: *Das Kapital*, vol 1, People's Publishing House, 1955 Edition (same below), p 389). Agriculture and industry are the most basic departments in social production. The division of labor and exchange between them constitute the basis for division of labor and exchange in society

as a whole, while the rural market provides the bridge for communication between these two big departments. Whether or not these two big departments are developing harmoniously is well reflected by the rural market. One of the superior features of the socialist economy is the promotion of the harmonious development of industry and agriculture via a unified market under planned guidance. Just as Lenin proclaimed: "The use of products of a large-scale ('socialized') industry in exchange for products of the peasants is the essence of a socialist economy and is the basis of socialism (Lenin: "Outlines of Book on 'The Grain Tax,'" "Collected Works of Lenin," vol 32, p 311). If we merely look at the enormous market without doing anything or making use of it, then there is no outlet for our industry, the economic essence of socialism will be violated and the foundation of socialism will be damaged. The alliance between industry and agriculture may even be broken. When talking on correctly handling the relations between industry and agriculture, Lenin pointed out: "The so-called normal relations should be, and can only be, thus: the proletariat having control of big industry and of the products of big industry, by means of which they cannot only fully satisfy the needs of the peasants but also supply them with the means of subsistence and improve their living conditions. People can thus clearly see and feel the disparity of the capitalist system. In this way, and only in this way, can the basis for a normal socialist society be established" (Lenin: "10th Congress of Russian Communist (Bolshevik) Party," "Collected Works of Lenin," vol 32, p 250). We must achieve such a high-grade understanding and utilization of the rural market to bring into being a benignant cycle of the socialist economy and to augment the alliance between industry and agriculture.

Based Mainly on the Rural Market, Establish a Pagoda-type Service Orientation Structure for Industry and Raw Material Structure for Light Industry

Marx pointed out: "Insofar as industrial production is concerned, a continuously expanding market constitutes a necessary condition for its subsistence (Marx: "On the Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26 (III), p 521). This principle likewise applies to the development of our modern industry. Implementation of the planned economy on the basis of the public ownership system not only does not eliminate the supplementary role of regulation by market mechanism but also takes the market supply and demand relations as the basis for formulating the plan. Under the conditions of the existence of products in a commodity form, only in performing well the task of forecasting the market supply and demand relations can we make the national economic plan function in an appropriately proportionate manner. A plan which deviates from the market is necessarily a blind plan and is no less harmful than a state of anarchy. Industrial production must conform with market needs. Only then can it develop, can the product structure become rational and can better economic effect be achieved.

What kind of market should our industry face? And which category of consumers should it serve? This has a bearing on the direction of development and the development speed of our modernized industry. As can be seen now, generally there are three markets, namely, the international market, the domestic urban market and the domestic rural market. The proportionate relations in the distribution of industrial products among these three markets constitute what may be called the service structure of industry. Acting in accordance with this service structure, putting the various industrial enterprises and industrial products in line, planning and arranging production in a planned manner,

and knowing exactly the direction of movement, we can thus avoid proceeding blindly. This will help in achieving control in a planned manner of the different markets and in thereby obtaining the best microeconomic effect and also the best macroeconomic effect. Formerly, we did not do enough research on the service structure of industry. We stuck to the generalization of two major categories, namely, light industry and heavy industry, while the majority of the enterprises failed to clearly know to which market they should belong. In my opinion, we should, based on our country's national condition and on the position occupied by the rural market in our national economy, fix in general the proportionate relations of our industrial service structure, as follows: International market, 10-20 percent; domestic urban market, 30-40 percent, and domestic rural market, 40-50 percent. A pagoda-shaped service structure should be formed, and the rural market should clearly be the main component. The service orientation of the enterprises and products should be fixed in accordance with the varying demands of the various markets. Naturally, the enterprises are at liberty to cross over to other markets but their main efforts should be devoted to their own principal market. This will help the enterprises in studying the special features and the changes in consumption of their clients. It will facilitate the fixing of production in accordance with the marketing prospects, and will also facilitate the unification of speed and effect.

This pagoda-shaped service structure is applicable not only to light industry but also to heavy industry. In 1957, Comrade Mao Zedong pointed out: "That heavy industry must take agriculture as an important market has not been fully understood by people at present. However, following the gradual development of the technological reform of agriculture and agriculture becoming daily more modernized, the various industries and trades such as machine building, fertilizer, water conservancy, electric power construction, transportation, fuel, construction materials for civilian use, and so forth, will be steadily increasing. The state of heavy industry taking agriculture as its important market will become more easily understood by people at large" (Mao Zedong: "On the Problem of Correctly Handling the Internal Contradictions of the People," "Selected Works of Mao Zedong," vol 5, p 400). We should follow this thought of Mao Zedong and systematically conduct research work on rural construction, in order that heavy industry may arm the countryside on all sides. In this way, heavy industrial enterprises not only can basically change the situation of having none or only few orders but also reap better economic effect than the former way of eating "ready-made meals." For example, following the implementation of the responsibility system, the vast countryside is in urgent need of a large quantity of medium-sized and small farm tools suitable for local use, while the supply of hand-operated tractors lags behind demand and chemical fertilizer is likewise in short supply. For another example, due to over 2/3 of the localities in the countryside lacking fuel for household use, plant stalks and straw cannot be made into compost for the fields, and this results in the deterioration of the soil's organic composition and fertility. This directly disrupts the benign cycle in the ecosystem. If, for use in the countryside, our machine-building industry can produce a large quantity of cheap, highly efficient and up-to-standard parts of equipment for methane generation and also produce plentiful marsh gas electricity generating sets and solar energy ovens, then not only can there be a large conservation of coal, crude oil, and firewood and can a benign cycle in agriculture be promoted, but also the enterprises will be brimming with vitality.

The same thing is true with civilian construction projects. It can be expected that the next 10 to 20 years will be a period for large-scale rebuilding of houses in the countryside. The requirement for construction materials will be especially brisk and, indeed, much can be done by the building materials industry and the metallurgical industry. If we roughly estimate that on the average each rural resident requires industrial products worth 1,000 to 2,000 yuan, the aggregate requirement for the whole country will amount to over 1 trillion yuan, equivalent to 5 to 7 times the gross output value of heavy industry in 1980. If we add on the value of the mechanical equipment for large-scale water conservancy projects, electric power generators, and communications and transportation equipment, then the resulting total figure will be a staggering one. In short, heavy industry will have an unlimited future if it turns to the rural market.

Turning to the supply of industrial raw materials from the countryside, we can readily see that light industry must also utilize the rural market well for its own development. At present, of the raw materials for our light industry and textile industries, over 40 percent consist of agricultural, animal husbandry and sideline products. Some comrades take this phenomenon as an indication of our backwardness in technology and economy. They advocate a gradual transference to the use of industrial raw materials. In my opinion, this suggestion deviates from our own national condition. It is just like "picking the short and avoiding the long." True, it is necessary that for the sake of strengthening the light and textile industries we must have a certain amount of additional industrial raw materials on the foundation of self-reliance and import certain materials (such as chemical fiber). But under no circumstances should we abandon the superior position enjoyed by our agricultural, animal husbandry and sideline products and thus, literally speaking, "seek far and wide for what lies close at hand." First, we must take into account the economic interests of the 800 million peasants and find an outlet for the daily increasing volume of agricultural, animal husbandry and sideline products. Second, facts have shown that the use of agricultural, animal husbandry and sideline products as the major raw materials has achieved comparatively good economic effect. Take for example the case of Henan Province in 1979. Here, on the basis of a capital investment of 10,000 yuan the yield of profits tax from heavy industry was 1,093 yuan, from light and textile industries, 5,124 yuan and from light industry using agricultural, animal husbandry and sideline products as raw materials, 6,578 yuan. The period of capital recovery was 9 years and 2 months for heavy industry, 1 year and 11 months for the light and textile industries, and 1 year and 6 months for light industry using agricultural, animal husbandry and sideline products as raw materials. Third, much can yet be done in the processing of agricultural, animal husbandry and sideline products in regard to quantity, quality and variety. As a matter of fact, much of the processing work now being done in foreign countries we are still incapable of doing. Fourth, for the development of the light and textile industries, the utilization of agricultural, animal husbandry and sideline products, with their complete assortment of varieties, constitutes an important magic weapon for breaking into the international market. In other words, our light and textile industries must make full use of agriculture--this big treasure-house of biological resources--and rely principally on the rural market. This represents an important factor for the promotion of a benign cycle in our country's industry and agriculture

and in the whole national economy. It should be considered as one of the special features of our country's modernization program.

Use the Rural Market to Promote the Intensification, Specialization and Commoditization of Agriculture

The enlivening and expansion of the rural market not only prepare a market for industry and promote the development of light industry and heavy industry, but also can promote the development of agriculture itself. In a directive on the development of diversification of operations in the countryside, the party Central Committee and the state council pointed out: "We must make our comrades understand that without fully developing socialist commodity production, our agriculture not only cannot accomplish modernization but also cannot extricate itself from the state of poverty." We must learn how, under planned guidance, to skillfully utilize regulation by market mechanism to promote the development of agriculture.

In this regard, we can learn from Lenin's thinking and practice at the time of the new economic policy. Lenin's important starting point was to fully arouse the peasant's enthusiasm and let them concern themselves with the individual's interests (in combination with the state's interests). At the same time, commodity circulation "is a stimulation, encouragement and promotion to the peasants" (Lenin: "10th Congress of the Russian Communist (Bolshevik) Party," "Collected Works of Lenin," vol 32, p 215). That can heighten the peasants' interest in management and operation. He said: "Implementing the system of commodity exchange stimulates the peasants to enlarge their sown area and to improve their farming technique" (Ibid, p 424). This thinking and policy of Lenin enabled the Soviet regime to overcome the serious difficulties confronting agriculture. It was an exceptionally successful experience. In our country, many concrete instances have testified that the rural market is the barometer of the rural economy and plays an important role in promoting the development of agriculture. We should make skillful use of the counteraction of the market.

Marx said: "In comparison with the labor of workers in the manufacturing industry under the system of division of labor, the labor of peasants employs a much larger degree of brain power" (Marx: "On the Theory of Surplus Value," "Collected Works of Marx and Engels," vol 26 (II), p 259). This is because agriculture is much more subject to the effects of the natural elements. It requires a higher degree of prediction, judgment and adaptability. Under the conditions in our country of a huge population, scanty land resources and complex natural environment, agriculture can only take the road of a high degree of intensification. What is principally required here is the arousal of the enthusiasm of the laborers and the upgrading of their scientific technology and level of management and capability. In this regard, the market plays an extremely stimulating role on the peasants. By means of the market, the peasants can increase their income by selling their own surplus products. In turn, they can purchase the industrial goods they need and thus continuously improve their standard of living. Judging from the high yield of private plots, the hidden potential of land is still rather great. What acts as an important lever here is that the material interests of the laborers are directly affected and that their products can be disposed of in the country fairs. If in the collective utilization of land, egalitarianism can be overcome through the adoption of the responsibility system linking remuneration to output and if rational

benefits can be achieved from the market, then it is possible to fully arouse the peasants' enthusiasm in working, investing and grasping scientific techniques. The hidden potentials of land can thus be fully tapped and production can be greatly increased.

The development of agricultural specialization and the development of the market economy are also directly related to each other. The formation of agricultural specialization is a natural process in the development of the commodity economy. Mankind's subjective will cannot arbitrarily demarcate the specialization areas. The resort to administrative intervention can speed up this natural process but it cannot skip over the process or ignore it altogether. Insofar as our country is concerned, we should not completely copy the pattern of specialized division of labor in foreign countries. On the contrary, we must retain our own special features. In our country, with the exception of a small number of localities, the great majority of the rural areas should take up one major trade but must strive for a comprehensive development of other trades as well and should not confine themselves to the development of one trade only. We should fully utilize our natural resources and our manpower resources and engage in diversified operations. At the same time, we should develop, with the household as the basis, small breeding and rearing farms, small plantations and small processing units. This will yield a comparatively good economic effect and will help the peasants to solve their own food problem and promote a benign cycle in agricultural ecology. On this basis we should then proceed with the organization of specialized households and specialized teams. The role of the rural market is to stimulate and regulate the development of diversified operations or trades and, by means of such measures and channels as marketing, pricing, credits and loans, administrative control, technological guidance, and so forth, arouse the peasants' enthusiasm in developing diversified operations. As we see it now, the circulation media presently available are still far short of the needs for development of diversification. In fact, in some cases, they are a deterrent, such as for example problems related to pricing, purchasing and transporting agricultural and sideline products. In order to enable the countryside to greatly develop diversified operations, and, on this basis, to organize specialization, we must firmly grasp the circulation links.

Only by developing the intensification and specialization of agriculture can we raise to any great extent the commoditization of agricultural products. Take grain for example. In a large agricultural country such as ours, to depend on imported grain for a prolonged period of time is by no means a normal phenomenon. We should as soon as possible realize self-sufficiency in grain supply. It is true that raising the state purchase prices of grain and other agricultural products will naturally increase the state's fiscal expenditures, but this will be immensely more worthwhile than importing grain and cotton. Some comrades may express concern that following the implementation of the responsibility system of linking remuneration to output, the surplus products of the peasants will increase and a petty commodity economy will develop. This viewpoint, on the one hand, overlooks the fact that following the implementation of the production responsibility system the character of the collective economy still remains unchanged and is basically different from the petty private ownership economy. On the other hand, it fails to clearly comprehend the role of the socialist unified market. This unified market plays the role of a big melting pot under the guidance of the state plan. It gradually absorbs the products of the diversified businesses onto the track of the

socialist planned economy and converts them into socialist commodities. As a matter of fact, our commodities are not too plentiful, but are pitifully scanty. We should not restrict the commodity economy but should promote its development. For this reason, we must fully utilize the role of the rural market, including that of the planned market which constitutes the main body, and that of the supplementary country fairs.

Small Cities and Towns Scattered All Over the Country Will Lay the Foundation for a "New and Higher-grade Combination" of Industry and Agriculture

The enlivening and development of the rural market will bring prosperity to the myriads of small cities and towns scattered all over the vast countryside. This is of deep significance in promoting the combination of industry and agriculture, improving the peasants' livelihood, reducing the differential between the urban and rural areas, and solving the difficult problem of the overconcentration of the population in large and medium-sized cities and towns.

Small cities and towns constitute the trading centers of the countryside. They embody a definite number of medium-sized and small industrial enterprises and commercial service establishments. They have comparatively good communications and transportation facilities. Their cultural and educational conditions are generally better than those in the countryside. They are the seats of county or commune party and government organs. They are imbued with certain elements of the urban areas but also possess the basic characteristics of the countryside. They serve as the liaison centers between the cities and the countryside and constitute the starting points in the latter's urbanization. Politically, economically and culturally, they wield exceptionally direct influence on the countryside, in order to lessen the differential between industry and agriculture and between the cities and the countryside, we should follow the pattern of developing small cities and towns and not that of concentrating the population in large and medium-sized cities.

Nevertheless, the formation, growth and prosperity of small cities and towns do not take place isolatedly. Nor can they be brought about by sheer administrative means. They are inseparably tied with the development of the commodity economy, Marx said: "The basis of all forms of division of labor that are prosperous and employ the medium of commodity exchange is the separation between the urban and rural areas" (Marx: "Das Kapital," vol 1, p 390). The growth of small cities and towns, like the case of the large and medium-sized cities and municipalities, is the products of the development of division of labor in society under the conditions of the commodity economy. At the same time, their formation in turn promotes the progress of the division of labor in society. When talking of the break-up by capitalism of the primitive family system linking together agriculture and the manual handicraft trade, Marx pointed out: "But the capitalist production pattern concurrently creates the materials logical premises for a new and higher-grade combination. Namely, the combination of agriculture and industry on the basis of a mutually opposing

pattern of development" (Ibid, p 552). These "material logical premises" consist of the socialized large-scale production of industry and agriculture. In our country, the "material logical premises" can be created only under the pattern of socialist production. On the one hand, we must avoid the evils, caused by the capitalist production relations, of the cities and the countryside being in contradiction to one another, and, on the other hand, we must make the masses of people emancipate themselves from the state of the natural economy and seminatural economy. As a result, a development process appears which is characterized by separation and combination and opposition and unification, as follows: the stronger the separation from the old countryside, the quicker the steps in the urbanization of the countryside and the more rapid the development of the new and higher-grade composition. Only in the development of the socialist commodity economy in the countryside can there be a strong foundation for the prosperity of the small cities and towns and can there be an increasing number of processing trades for agricultural products and medium-sized and small enterprises directly serving agriculture. This is the development procedure for the intensification of the division of labor within the countryside following the expansion of the rural market. At present, our country has over 3,000 cities, over 50,000 market towns, and several hundred thousand localities for small country fairs. If in the next 10 to 20 years we can build them up initially, then production and life in the countryside will be changed greatly. In addition, an extremely large market will be ready for urban industry and many new lessons will be gained for the popularization of science and technology. This will tend to accelerate the progress of our country's socialist modernization program.

CSO: 4006/404

ECONOMIC PLANNING

HENAN LEADERS, EXPERTS DISCUSS ECONOMIC PLANNING

HK220355 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 21 Mar 82

[Summary] Leading comrades of the Henan Provincial CCP Committee and Government and experts and professors have studied major questions in the province's economic development and decided on the strategic outline for this development.

"Henan, located on the central plain, has many advantages and great potential. However, its foundation is weak and its technology rather backward. How to make full use of the advantages and avoid the weak points in accordance with the unified state plans and the province's actual conditions and work out specific plans for promoting the province's economy is a new question in urgent need of solution. For this reason, while going into rural areas, factories and mining areas for on-the-spot investigations, the principal responsible comrades of the provincial CCP committee and government have also attached great importance to conducting investigations with the experts. Last September provincial CCP committee first secretary Liu Jie and other responsible comrades held forums with experts, engineers, technicians, and cadres familiar with professional work in over 10 units including the provincial energy research center, coal research center, agricultural department, light industry department, finance department, supply and marketing, bank and foreign trade bureau, to listen to their introductions on the situation and their measures and proposals for economic development. At the same time, Liu Jie, Dai Suli and other responsible comrades have frequently invited experts and professors to their homes or offices, to exchange views on a whole series of problems in the province's industrial and agricultural development.

"Last September the provincial authorities set up an economic research center and a technical economic research center, as general staff and consultative organs of the provincial CCP committee and government in studying and deciding on major technical and economic problems and working out long-term development plans. Personnel of provincial research departments concerned participate in these two centers. They have also hired a number of experts, professors and scientists, technicians and economists as advisers or executives."

These two centers have been working over the past 6 months to tackle major problems in the province's economic development. For instance, the province has 130 small nitrogenous fertilizer plants. However, they consume a lot of energy, and their production costs are high and economic returns low. The

provincial petrochemical department proposed carrying out technical reforms in these plants. The two research centers studied this problem, and approved the general plan for technical reforms. Specific measures are now being worked out.

The economic research center recently appointed a forum to discuss the province's long-term development strategy and stage-by-stage plans. Among the topics discussed were population growth, consumption and accumulation, energy exploitation and use, agricultural production and so on.

CSO: 4006/399

ECONOMIC PLANNING

HAINAN AUTONOMOUS PREFECTURE PLANNING CONFERENCE

HK150923 Haikou Hainan Island Service in Mandarin 0330 GMT 15 Mar 82

[Text] Hainan Li-Miao Autonomous Prefecture recently held a conference on planning work. The conference conveyed the spirit of the provincial conference on planning work, summed up the experience in economic work last year and made arrangements for this year's economic planning work throughout the autonomous prefecture.

The conference pointed out: the whole autonomous prefecture's industrial and agricultural production last year developed to a certain extent. Its total output value was 5.33 percent more than in 1980 and its capital construction, commerce, supply, marketing, foreign trade, finance, labor resettlement, science, education and public health also developed. The economic income of staff, workers and peasants increased and their livelihood was improved. In this year's economic work, we must continue to implement the principle of readjustment and the various economic policies of the party and raise the economic results.

This conference on planning work at the autonomous prefecture demanded: All places throughout the autonomous prefecture must grasp the following several points well:

First, it is essential to grasp revenue well. We must grasp the production of sugar and salt, enable industrial enterprises, commercial departments and supply and marketing departments to turn loss to profit and strive to fulfill the quotas for submitting profits to the state. Furthermore, we must pay attention to strengthening control over expenditures, reduce expenses and strengthen supervision of financial affairs.

Second, it is necessary to seriously raise the economic results. Through the readjustment of enterprises, we must take measures to close, suspend and merge the enterprises whose consumption is large, product quality is poor, economic results are low, production is redundant and supplies exceed the demands and to shift them to other types of production. We must deal with them promptly. Regarding the existing old enterprises, we must do well in tapping potential and carrying out technical innovation and modification and promote several products of theirs which have good prospects for development, to meet the needs in improving the quality of products, reducing costs and raising the economic results.

Third, it is imperative to stabilize market commodity prices, to resolutely strike blows at speculative, profiteering and smuggling activities and ban the intermediate dealers so that the livelihood of the urban and rural people can be further improved.

Fourth, under the guidance of the planned economy, we must fully attach importance to and spontaneously utilize market readjustment and organize production and supply. We must develop the commodities which are specially needed by the minority nationalities.

Fifth, we must grasp well economic activities with foreign countries. We must fully exercise the powers conferred on the autonomous prefecture by the central authorities and the provincial CCP committee to actively import foreign capital, capital of Overseas Chinese and advanced technology to promote the exploitation and utilization of the natural resources of the whole autonomous prefecture and to benefit the people of all nationalities throughout the autonomous prefecture.

CSO: 4006/399

ECONOMIC PLANNING

SHAANXI INDUSTRIAL, COMMUNICATIONS CONFERENCE

HK251155 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 24 Mar 82

[Summary] "From 17 to 24 March the Shanxi Provincial People's Government held a provincial industrial and communications conference at Taiyuan. At the conference the discussion was focused on the problem of how to raise economic effect. Attending the conference were all prefectural and municipal leading comrades who are responsible for industry and responsible persons in relevant provincial departments, committees and bureaus."

"The Shanxi Provincial CCP Committee and the Shanxi Provincial People's Government attached great importance to the conference." Leading provincial Comrades Wang Kewen, Wang Maoling, Yan Wuhong and others attended the conference. Wang Kewen made an important speech at the conference.

"He said that we should conscientiously implement the spirit of the Central Committee's directives and regard raising economic effect as a task of great importance which we should pay great attention to. The leading groups at all levels and all the enterprises should focus their efforts on raising the quality of increasing the varieties of, reducing the cost of and raising the marketability of their products and on raising economic effect. All our work to fulfill our many tasks, such as formulating plans, giving macroeconomic guidance, enlivening microeconomic activities, reorganizing our enterprises and perfecting the responsibility system should be centered on raising economic effect. We must achieve good result in this respect this year."

Touching on the problem of taking the planned economy as the core and taking into account the situation of the whole country, he said that our province is one of the major coal bases in the country. This year we should supply 85.5 million tons of coal to other districts and we must be determined to fulfill this task.

Touching on the problem of observing state regulations and conducting foreign trade under the guidance of unified planning of the foreign trade departments of the state, he stressed political and ideological work. "We should vigorously strengthen the political and ideological work among our staff and workers and do a good job of teaching them to understand the present economic situation. We should crack down on the criminal activities in the economic field. Thus we will fill the people with enthusiasm for their work and bring about a decisive turn for the better in the general mood of the society."

Today SHANXI RIBAO reports the news of this conference and carries a commentary on this conference which is entitled "Relying on Real Abilities and Making Arduous Efforts."

ECONOMIC PLANNING

SHANGHAI HOLDS MEETING ON ECONOMIC RESULTS

OW282207 Shanghai City Service in Mandarin 1130 GMT 27 Mar 82

[Text] The Shanghai Municipal People's Government held a cadres' meeting this morning at the cultural square to transmit the guidelines laid down by the national conference on industry and communications. It called on all trades and professions to achieve even better economic results and strive to fulfill this year's production tasks. Attending the meeting were some 12,000 people, including the leading comrades of the municipal CCP committee and the municipal government Chen Guodong, Hu Lijiao, Wang Daohan, Han Zheyi, Chen Jinhua, Yang Shifa and Zhao Zukang, as well as the cadres of the departments concerned. The meeting was presided over by Comrade Han Zheyi. At the meeting Comrade Chen Jinhua delivered a summary report, and Comrade Wang Daohan gave a speech.

The meeting called on the masses of cadres and people in the field of industry and communications to earnestly study and implement the guidelines laid down by the national conference on industry and communications, foster the attitude of further improving economic results, strengthen political and ideological work, do a good job in streamlining the enterprises, correctly handle the relations between production and livelihood and strive to achieve a 4-percent increase in Shanghai's industrial production this year.

In his speech Comrade Wang Daohan pointed out: To achieve better economic results, we must persistently follow the socialist road, combat the corrosion by bourgeois ideas and resolutely deal blows to criminal offenses in the economic field. On the other hand, we must make use of the excellent trend in production, work hard with tremendous drive and strive to fulfill and exceed this year's production targets.

CSO: 4006/399

ECONOMIC PLANNING

HEILONGJIANG COMMENTARY ON BETTER ECONOMIC RESULTS

SK270728 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 26 Mar 82

[Station commentary: "We Have a Good Chance To Increase Economic Results"]

[Excerpts] The provincial industrial and communications work conference opened in Daqing Municipality on 20 March. It discussed ways to increase economic results. Participants unanimously held that enhancing the guiding ideology in industrial production and shifting industrial production so as to increase economic results are strategic policy decisions in economic work.

(Xu Ke), director of the Provincial Second Light Industrial Bureau, said: Economic results in our province's second light industry are very poor. In 1981 the profit accrued from every 100 yuan of fixed assets was 3.5 yuan, 57.8 percent below the national average. Fulfillment of other economic targets is also poor. This leaves us no choice but to grasp economic results and shift industrial production to promoting good profits.

Comrades of Harbin and Qiqihar Municipalities and Nanjiang Prefecture held that the old thinking of stressing output value and product quantity at the expense of economic results and production quality is an obstacle to increasing economic results.

Since 1979 Harbin Chemical Industrial Bureau has considered increasing economic results as a target for consolidating enterprises. By implementing economic responsibility systems at all levels, improving management and tapping potential, this bureau made three big strides in 3 years. The output value in 1981 increased 27 percent over 1978. Profits handed over to the state increased 300 percent. Viewing our province's situation as a whole, because leaders at all levels have paid attention to economic results, industrial output in January and February 1982 increased in value. According to statistics, the total industrial output value in these 2 months stood at 3.929 billion yuan, a 5.1 percent increase over the corresponding 1981 period. Profits gained in projected local industries reached 40.63 million yuan, an increase of 28.9 percent over the previous corresponding period. Clearly, our province has great potential for increasing production and income on the industrial and communications front. We can achieve good profits by changing old ways of thinking.

Our province needs a great amount of energy for industrial production. Is it possible to use the province's limited energy supply to produce more products? Harbin Electric Cable Plant leaders say it is possible, because their plant has achieved good results in reducing power consumption and increasing production by modifying equipment and enacting individual responsibility systems in energy conservation. This year our province will cut 1.3 billion kwh of electricity. Many persons fear this will affect economic results. Our reporter interviewed (Cui Fengzi), chief of the Provincial Power Industrial Bureau. He said: This year our province's power industrial departments have decided to reduce coal consumption for power generation. If we can reduce coal consumption for generating each kwh of electricity by 4 grams, our province's thermal power equipment with a capacity of producing 1.35 million kwh of electricity will generate an additional 100 million kwh of electricity.

CSO: 4006/399

ECONOMIC PLANNING

JILIN COMMENTARY ON INDUSTRIAL PRODUCTION PICTURE

SK250348 Changchun Jilin Provincial Service in Mandarin 1100 GMT 24 Mar 82

[Station commentary: "Make Good Preparations for the Second Quarter Industrial Production in a Timely Manner"]

[Excerpt] Since the beginning of the year, the general situation of our province's industrial production has been good and both the growth rate and economic results have been better than the corresponding 1981 period. As of the end of February, the profit rate of enterprises covered by the budget increased 9.4 percent over the same 1981 period, resulting in increased production and income. However, this still lags behind the demand of planned targets and many problems still exist.

For this reason, we must not be slack in developing the present industrial work, still less be unrealistically optimistic. We should seize the opportunity to make good preparations for the second quarter industrial production so as to create conditions for fulfilling all annual plans. To achieve success in the second quarter industrial production, we must conscientiously implement the guidelines of Premier Zhao Ziyang's speech delivered at the national conference on industrial and communications work as well as 1982 major tasks defined by the provincial CCP committee. At the same time, we should intensify the guiding ideology on industrial production, regard the increase of economic results as a basic starting point in developing economic work and strive to increase the gross industrial output value and profits over the corresponding 1981 period. To fulfill this task, the most important thing is to comprehensively reorganize and further readjust enterprises.

CSO: 4006/399

ECONOMIC PLANNING

NEI MONGGOL INDUSTRIAL CONFERENCE URGES INCREASED EFFICIENCY

SK030909 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 2 Apr 82

[Excerpts] According to our reporter (Zhou Huayu), the regional conference on industrial and communications production sponsored by the regional people's government stressed that we must proceed from improving economic efficiency in straightening out the guiding ideology governing industrial production and preserve the continuity and stability of policies. We must ensure that the 1982 industrial output value will increase 4 percent over the 1981 level and strive for a 5 percent increase, ensure that profits will increase 10 percent, profits handed over to the state will increase 30 to 40 percent and deficits will drop by 30 percent.

The regional conference on industrial and communications production was held from 26 March to 1 April in Hohhot. Responsible persons from the various leagues and municipal industrial, communications, finance, trade and trade unions attended the conference. Zhang Pengtu, deputy secretary of the regional CCP committee; Chen Bingyu and Li Binsan, vice chairmen of the regional people's government, attended the conference and spoke.

Conference participants earnestly studied the important speed delivered by Premier Zhao Ziyang at the national conference on industry and communications, summed up the region's industrial and communications work since 1981 and worked out arrangements for 1982 work. They carried out several discussions focusing on the central subject of improving economic efficiency. They contended that we must resolutely effect a turnabout in the guiding ideology governing economic work, correct the current practice which stresses output value and speed alone and pay more attention to economic efficiency. Genuine efforts should be made to put into practice the new guiding ideology to achieve real industrial growth with better economic efficiency. The conference stressed that the following tasks must be successfully executed:

1. Uphold the principle of giving primary importance to planning and secondary importance to market mechanism, organize production in accordance with market needs and commit more manufactured goods to rural and pastoral areas where they are needed.
2. Upgrade product quality and promote technological cooperation. The region should select 100 key manufactured goods, check regularly on their quality and announce the results.

3. Increase energy production and economize on energy.
4. Successfully execute comprehensive enterprise consolidation.
5. Step up political and ideological work among enterprises.

CSO: 4006/399

ECONOMIC PLANNING

HENAN HOLDS INDUSTRY, COMMUNICATIONS CONFERENCE

HK310816 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 30 Mar 82

[Summary] "From 22 to 29 March, the Henan Provincial People's Government convened an all-province conference on industrial and communications work in Zhengzhou. The conference called for a redress of the guiding ideology for industry, expecting that it would bring about a new situation in improving economic results. Present at the conference were assistant commissioners and vice mayors in charge of industry from various prefectures and municipalities; the responsible people of economic departments concerned; the responsible people of the first group of on-the-spot investigation teams for enterprise reorganization, and so on, altogether more than 300 people. The spirit of the national conference on industrial and communications work was conveyed at the conference, and the participants at the conference initiated further discussion on the matter. Li Qingwei, secretary of the provincial CCP committee and vice governor, gave a report on the implementation of the spirit of the national conference on industrial and communications work. Dai Suli, secretary of the provincial CCP committee and governor delivered a speech at the concluding meeting."

The conference realized that the danger for the province's economic work at present is the negligence of economic results. Therefore, the focal point of the economic work should be shifted from now on to the improvement of economic results, with equal attention paid to speed and effect. Economic results remained the main theme throughout the conference. Taking it as a key target, the conference put forth the following tasks which would be undertaken in the days to come: promoting high-quality products with low prices and marketing competence; strengthening technical transformation; continuing to carry out the policy of closing, suspending, merging and shifting for enterprises which are suffering losses, paying attention to economizing on energy and promoting market forecasts. At the same time, the conference stressed upholding the guideline of taking planned economy as a dominant factor while making regulation by market mechanism secondary and emphasizing the principle of subordinating the local economy to the state interests. The conference also demanded that units concerned carry out the principle of taking concerted actions in foreign trade.

Realizing that the key to the improvement of the economic results lies in enterprise reorganization, the conference demanded that all enterprises must sign contracts with the state, guaranteeing the attainment of various indices.

For internal administration, the economic responsibility system must be carried out at all levels. At the same time, attention should be paid to the rectification of leading groups. Therefore, the conference urged industrial and communications units to select young and middle-aged technical cadres who are professionally competent to take up leading posts.

In response to the present move of redressing financial and economic discipline, the conference called for seriously exposing, prosecuting and punishing by law economic criminals and improving rules and regulations as an effective step toward the elimination of illegal and criminal activities in the economic field.

Finally the conference demanded that all leading comrades on the industrial and communications front uphold the principle of putting ideological work in command, strengthen political and ideological work, and educate the broad masses of staff and workers to carry on the four basic principles.

In the end, "the conference appealed to all units concerned to extensively and penetratingly carry out the drive of emulating, learning from catching up with, helping and in turn surpassing each other, so as to greet the provincial meeting of model workers on the fronts of industry, communications, capital construction, finance and trading with excellent achievements."

CSO: 4006/399

ECONOMIC PLANNING

'YUNNAN RIBAO' CALLS FOR DEVELOPING ECONOMIC WORK

HK020907 Kunming YUNNAN RIBAO in Chinese 16 Mar 82 pp 1, 2

[Contributing commentator's article: "Strive To Increase Economic Returns and Achieve Higher Growth Rate"]

[Text] More than 2 months have passed since the beginning of the year 1982. Clearly defining the principal tasks in economic work for this year is of great importance in helping the cadres and the people of all nationalities in our province achieve unity in thinking and action. The general guiding ideology for this year's economic work is to penetratingly implement the policy of economic readjustment, to continue to consolidate and stabilize the economic results, and to achieve a higher growth rate on the basis of striving for better economic returns.

Enormous results have been achieved in economic work in the past year. An outstanding indication is that the economy has been stabilized and the aim of "two balances and one stabilization," that is, achieving a basic balance between state revenues and expenditures and between credit receipts and payments and stabilizing commodity prices, has been attained. In our province, this is shown by the big increase in state revenues and the effort to minimize the state's financial deficits. However, this achievement has not been consolidated. The factors of economic instability have not been completely eliminated. The great number of ration coupons and the scanty supply of goods are a hidden factor of instability of prices. Price instability is an outstanding indication of economic instability. When the economy is unstable, it is impossible to guarantee a steady and healthy development of the national economy and to increase economic returns. Therefore, maintaining the "two balances and one stabilization" must be taken as the major task for this year's economic work.

We must continue to implement the policy of readjusting the national economy so that we can attain the "two balances and one stabilization." The most important reason why we achieved remarkable results last year was that the party committees and the governments at all levels firmly and realistically implemented the party Central Committee's correct policies. Acting on the state regulations, our province resolutely curtailed capital construction, economized on spending, froze last year's surplus capital funds, readjusted the bonus system and overfulfilled the task of buying treasury bonds. It further readjusted industrial production, tightly grasped consumer goods production and

greatly increased its investment in textile and other light industries. It vigorously developed a diversified economy in industrial production on the basis of a steady increase in grain output. It actively and steadily introduced the economic responsibility system in all economic units. It repeatedly stressed economic returns in all economic spheres, and so forth. Last year's readjustments were made on an extensive scale and involved arduous tasks and great hardships. However, work was carried out rather smoothly. This shows that it is possible to stabilize the economy provided the leadership at all levels correctly understands and firmly and realistically implements the party Central Committee's policies. This is the most important experience.

Readjustment of the economy concerns problems of a wide range. It can be considered to have been completed only when the proportions among the various sectors of the national economy have been gradually harmonized, the economic structure has been gradually rationalized and the administrative system has been made more and more scientific. The policy of readjusting, restructuring, reorganization and upgrading concerns the whole situation and the state's long-term interests. We should handle it consciously and solemnly and be determined to accomplish the tasks regarding readjustment.

To consolidate the achievements in stabilizing the economy, we should not adopt any measures which may enhance the factors of instability. We must pay particular attention to controlling the scale of capital construction and the growth of consumption and maintaining basic balance between state revenues and expenditures and between credit receipts and payments.

In consolidating the achievements in stabilizing the economy, an important thing is to strive for better economic returns in all economic activities. This not only is the key to maintaining the "two balances and one stabilization" but also concerns the fundamental question of accumulating strength to lead the national economy to be a benignant cycle in the future and the question of what road we shall take in building our economy. Striving for better economic returns is the crux of the question regarding economic construction. It is the key to economic work as a whole and the basic starting point in considering all economic problems. We must really cultivate the concept of stressing economic returns.

Better economic returns can also be achieved through readjustment. If macroeconomics is irrational, disproportionate and lopsided in structure, it cannot yield good economic returns.

Penetratingly implementing the policy of readjustment, consolidating the achievements in stabilizing the economy, and striving for better economic returns--these three links react and are closely related to one another. Consolidating the achievements in stabilizing the economy is an important task and striving for better economic returns is the key. Both of them rely on the correct implementation of the policy of readjustment and serve readjustment.

The concrete conditions in our province show that in order to accomplish the task of stabilizing the economy, it is necessary first to stabilize commodity prices and second, to increase state revenues.

Why are commodity prices unstable? A basic reason is that the growth of purchasing power has surpassed the increase in commodity supply and there has been a considerably wide gap between the two. To solve this problem, it is first necessary to tap the commodity resources, promote withdrawal of currency from circulation, increase the production of industrial consumer goods and the supply of materials for agricultural production and building materials for rural use, increase the state purchase of nonstaple foodstuffs and actively develop the food industry. Second, it is necessary to control the amount of money put into circulation and restrict the growth of consumption. The meaning is twofold: 1) It is imperative to control the amount of money put into circulation in order to stabilize the economy; 2) it is imperative to implement the principle that "first, the people must have sufficient food; second, socialist construction must be carried out." This is the principled stand of raising the people's living standards. This year, in order to develop production of consumer goods, 24.4 percent of the total amount of money to be invested in local construction projects has been earmarked as fixed assets of textile mills and other light industrial enterprises. [HK020909] Without curtailing consumption, it will be impossible to develop construction. A country will have a bright future only when it has surplus resources for construction after the people have eaten their fill. Third, it is necessary to properly organize goods purchase and supply. It will not do if there are goods but we cannot purchase them. It also will not do if we cannot properly supply the goods which we have purchased. This calls for efforts to correctly arouse the enthusiasm of commercial workers and to perfect the economic responsibility system. Fourth, it is necessary to strengthen market management and price control. It is definitely possible to stabilize prices provided we keep our heads clear and seriously carry out the work in this respect.

In our province, the purpose of consolidating the achievements in stabilizing the economy and of achieving "two balances and one stabilization" is to increase state revenues. With revenues increased, it is possible for our province to share the task of balancing state revenues and expenditures, to reduce and write off the deficits and, still more important, to solve the problem of having insufficient capital funds. It is entirely possible to fulfill the revenue plan for this year if there are no particularly serious natural disasters for this year and if all comrades work concertedly to strive for better economic returns. To attain this goal, we should continue to bring forth the superiority of our province's industries dealing with tobacco, sugar, tea and other foodstuffs and to vigorously develop production of consumer goods. Commercial departments and affiliated organizations, as well as supply and marketing cooperatives at and above the county level, should strive to increase sales. Efforts should also be made to seriously do a good job of economic accounting, to vigorously combat waste, to lower consumption, production costs and other expenses, to stop losses and increase profits. Attention should be paid to realistically checking up on and readjusting various forms of unreasonable subsidies, so as to alleviate the financial burden. We should go deep into reality to conduct financial inspection and carry out the work of clearing up unpaid taxes, so as to further check every form of tax evasion.

The key to attaining the goal mentioned above lies in the efforts to increase economic returns.

In all economic spheres and activities, stress should be laid on increasing economic returns. As over 80 percent of revenues come from industry, particular stress should be laid on increasing economic returns in industrial production.

There is no contradiction between economic returns and growth rate. By returns we mean the returns yielded by economic activities. Where there are economic activities, and whether they concern industrial and agricultural production, commodity circulation or capital construction, there will invariably be the question of economic returns. Therefore, under normal conditions, there is no contradiction between increasing economic returns and achieving a certain growth rate. Should there be a contradiction, expressed in high growth rate and poor economic returns as in the past, it is an outcome of violating the objective law of economic development and unilaterally seeking a high growth rate.

Why do we now lay particular stress on increasing economic returns? This is because we have learned a very important lesson after summing up our experience of economic construction in the past 30 years and more. Premier Zhao explained this point very clearly in his report on the work of the government. Each of the 10 principles for economic construction put forth by him is imbued with the spirit of increasing economic returns.

Last year's conditions in our province shows that the economic returns were not good enough and waste remained enormous.

The biggest contradiction at present is between accumulation and consumption, that is, it is necessary to feed the population and at the same time to carry out construction. To increase economic returns is the basic way to resolve this contradiction. It is also a way to stabilize the economy. It calls for a reduction in the consumption of materials and the capital funds in the spheres of production, construction and circulation. The materials and funds thus saved should be invested in the new construction projects. Increasing production by means of less investment is a way to resolve the contradiction between accumulation and consumption and stabilize the economy. In the final analysis, to stress economic returns means to practice economy and reduce and eliminate waste. Enormous waste was the cause of slow increase in our national income despite a fast growth of our total output value in the past.

[HK020911] What should we do in order to increase economic returns? The first prerequisite is to solve the question of our understanding. Some comrades have a vague and even blurred understanding on this question. For this reason, we should organize the cadres and the masses to repeatedly study Premier Zhao's government work report and to arm themselves with the idea embodied in the 10 principles, that is, the idea of increasing economic returns. We should also create public opinion and build up a favorable situation. At the same time, we should take concrete action to make comparisons, settle financial accounts, find out shortcomings and work out plans. We should train the cadres and teach them essential knowledge. We should discover, sum up, exchange and popularize the advanced experiences.

To increase economic returns, we should start with two points. The first is to make readjustments and, in particular, to implement the policy of switching, reorganizing and amalgamating when dealing with the machine-building industry so that macroeconomics may become rational. The second point is to earnestly consolidate the enterprises, carry out technical innovations and train the workers.

A prerequisite for maintaining "two balances and one stabilization" is to uphold the policy that the planned economy should prevail and regulation by the market can only be supplementary. Earnestness should be stressed in carrying out the state plan. In carrying out the state plan, no matter whether it concerns production, capital construction, state purchase of goods, delivery of products to the state, revenues or expenditures, we should uphold the spirit of coordinating all the activities of the nation and the province like pieces in a chess game. Otherwise, we shall be unable to overcome many of the hardships and, instead, shall create new hardships. Therefore, we should intensively popularize the spirit of coordinating all the activities of the nation like pieces in a chess game. At the same time, we should be good at employing economic methods and should, where necessary, resort to intervention by means of administrative decrees. The most important economic method is to institute the contract system, which is conducive to bringing all economic work into the orbit of the state plan. The contracts should pay simultaneous attention to the interests of all parties concerned and be extensively depended upon, especially where the peasants are concerned.

In a discussion during the spring festival on the question of strengthening planned economic work, Comrade Chen Yun pointed out: "Our economy will develop quickly so long as we work in a down-to-earth and systematic manner. If we are too anxious for quick success, economic development will be slowed down." This is a very important principle. When we have achieved unity in thinking, understanding and action and adopted all possible means to increase economic returns in all our economic activities and if we work in a down-to-earth manner, we not only can maintain the "two balances and one stabilization" but can also score better results year after year and definitely make 1982 a better year than 1981.

CSO: 4006/399

ECONOMIC PLANNING

BEIJING'S 1981 ACHIEVEMENTS, 1982 PLANS LISTED

HK071421 Beijing BEIJING RIBAO in Chinese 26 Mar 82 p 2

[Excerpts from a report by Beijing Municipal Planning Committee Director Han Boping [7281 0130 1627]: "On the Execution of the 1981 Economic and Social Development Plans and a Draft of the 1982 Plans, Delivered on 13 March at the 6th Plenary Session of the 7th Municipal People's Congress"]

[Text] I. The Execution of the 1981 Plan

In 1981, the execution of the economic and social development plans in Beijing Municipality was relatively good and work on all fronts was fruitful.

First, we scored relatively good results in reducing the size of capital construction and in readjusting the orientation of investment. In 1981, 2.39 billion yuan were invested in capital construction in the municipality, a decrease of 9.9 percent on the preceding year. In reducing the scale of capital construction, the proportion of investment in nonproductive construction, which is closely related to the people's material and cultural lives, increased by a large margin. In 1981, investment in nonproductive construction in the municipality was 1.52 billion yuan, an increase of 9.5 percent over the preceding year; the proportion of this in total investment increased from the preceding year's 52.4 percent to 63.7 percent. Throughout the year, buildings with a total floor area of 5.83 million square meters were constructed. Of this, 3.9 million square meters (about 70,000 units) were residential houses, an increase of 9.6 percent over the preceding year. Furthermore, new urban public facilities were installed. These increased the supply capacity by 100,000 tons of tap water and 100,000 cubic meters of gas daily. A three-lane highway is now opened and most two-lane roads and urban underground tunnels have been completed. This has created advantageous conditions for construction on both sides of the two-lane roads. Throughout the year, investments in construction by the cultural, educational and public health departments increased by 35 percent over the preceding year. This was the largest investment over the past few years. Furthermore, we scored significant results in construction for the foreign affairs, tourist and hotel industries. Progress was made in environmental protection and urban afforestation work, and measures were taken to alleviate the pollution created by the capital iron and steel plant, the Yanshan Chemical Plant and to clean up the seriously polluted spots along the three-lane highway. Thus, the present situation is much improved. Some 880,000 trees have been planted in gardens of the municipality and grass has been grown over an area of 680,000 square meters.

Second, industry continues to make progress amid readjustments and reorganization. In 1981, in accordance with the characteristics of the capital city, the industrial front seriously readjusted the industrial structure, the product mix and the organizational structure of the capital city and devoted great efforts to promoting the production of consumer goods. The total industrial output value of the whole municipality increased by 1.7 percent over the preceding year. The production of the light and textile industries increased by 14.5 percent, overfulfilling the target growth rate of 8 percent. The proportion of the light and textile industries in all industry increased to 44.1 percent from the previous year's 39.1 percent. To a certain extent, the readjustment of heavy industry affected the growth rate of all industrial production. Thus, it could not attain the target growth rate of 3 percent. The industrial department was active in manufacturing marketable goods. The quality of a large number of products improved. In 1981, 23 products manufactured in the municipality were awarded gold and silver medals by the state. The number of medals totaled 59. According to incomplete statistics, 45 products won first prizes in national emulation drives. More than 20,000 new designs and new varieties were manufactured in the light and textile industries, the chemical industry and the electronics equipment industry. Many enterprises integrated industrial readjustment with the conservation of energy and water. Throughout the municipality, more than 110 million tons of water for industrial use were saved and the quotas set by the state for economizing on oil, coal and electricity were fulfilled. Furthermore, satisfactory work has been done with regard to transport, posts and telecommunications and geological work.

[HK071423] Third, agriculture continued to score good results after a year of severe drought. The total grain output for the whole year amounted to 3.61 billion jin, the fourth highest yield year in history. The production of vegetables also scored good results; vegetable supply to markets was basically guaranteed and was relatively balanced. While stabilizing pig raising and consolidating and developing state chicken farms, we promoted collective breeding of dairy cattle and devoted major efforts to encouraging peasants to raise chickens. The production of milk, fresh eggs and meat and the degree of self-sufficiency all reached historical highs. The area afforested amounted to 410,000 mu and some 18 million trees were planted in all areas. At the same time, the growing of saplings was strengthened. Industrial and sideline occupations of communes and brigades and household sideline production continued to make relatively rapid development.

Fourth, the rural and urban markets were stable and active. Foreign trade and tourism have been developing. The total value of commodities procured in the municipality amounted to 13.5 billion yuan, an increase of 11 percent over the preceding year. The total volume of retail commodities in cities and towns amounted to 6.8 billion yuan, an increase of 11.7 percent over the preceding year. Throughout the municipality, 5,000 commercial and service trade networks have been added (of these, 1,800 were collectively owned networks and 2,700 were individually owned networks). This is the fastest rate of network increase over the past few years.

In 1981, export commodities overfulfilled the quota by 10.5 percent, an increase of 6.6 percent over the preceding year. Product mix of export commodities continued to change and the volume of export heavy industrial products such as metal and mineral products, machines and equipment increased by more

than 30 percent over the preceding year. While promoting normal export trade, further development was made in various kinds of flexible trade.

In 1981, 390,000 tourists were received by the municipal tourist department, an increase of 37 percent over the preceding year. There are now more supplies of tourist commodities and the quality of services has improved.

Fifth, scientific research, cultural and educational undertakings and public health made new progress. Ninety of the 382 scientific research projects under the 1981 Municipal Plan scored significant results. In addition to scientific research projects arranged by the departments themselves, some 600 scientific research results were accomplished throughout the province. Most of the scientific research results have been published and used in production; they have scored good economic returns.

Regarding education, in 1981, colleges and universities, secondary schools and vocational schools tapped their potential and the actual number of students enrolled overfulfilled the quota. Some 54,000 students were enrolled in senior secondary schools and some 160,000 students were enrolled in junior secondary schools.

Regarding public health, in 1981, some 800 beds (including beds added to wards) were added. The total is now 29,300. Some 4,600 professional medical workers were added, amounting to a total of some 107,000.

Sports also scored satisfying results. Substantial development was made in cultural, publication, television, broadcast, news and cultural relics undertakings.

Sixth, employment in towns and cities expanded and the living standard of urban and rural people further improved. In 1981, some 136,000 youths awaiting employment in towns and cities had jobs arranged. As more people were employed, the average number of dependents per capita decreased from the preceding year's 0.5 people to 0.44 people. The average income of urban inhabitants increased by 8 percent. The average income of suburban commune members from the collectives increased by 11 percent over the preceding year, amounting to 202 yuan. Since the income of people living in towns and cities increased, their deposits in banks also increased.

II. Initial Arrangements for the 1982 Plan

The major tasks for the 1982 Economic and Social Development Plan of Beijing Municipality are to seriously implement the spirit of the Fourth Session of the Fifth NPC and the four instructions of the central secretariat on the policy of building the capital city and in accordance with the characteristics of the capital city, implement the 10 principles for economic construction proposed by Premier Zhao Ziyang. In accordance with the tasks delegated by the state to Beijing Municipality, the following is proposed for the 1982 plan.

[HK071425] First, the size of capital construction will continue to be controlled, and major efforts will be devoted to reducing the construction periods

and striving to improve the effects of investments. In accordance with the spirit of the four instructions on the building of the capital city issued by the central secretariat, the priority for capital construction in the municipality in 1982 is: 1. The building of residential houses and municipal works. 2. Public order, political and law, cultural, educational, public health and complete-set commercial service facilities. 3. The construction of embassies, and tourist projects which are urgently needed. 4. Solving problems for the food industry, which is urgently needed in the daily livelihood of the people, for the light and textile industries, and the raw material industry which serves the light and textile industries and the urban construction and the building material industries.

In 1982, the initial plan for investment in local capital construction is 1.27 billion yuan, basically maintaining the level of the 1981 plan. The proportion of investment in nonproductive construction to total local investment should be maintained at 70 percent. The area planned to be built is 7.17 million square meters.

Second, major efforts will continue to be devoted to promoting the consumer goods industries and further readjusting the orientation of services to heavy industry. Proceeding from striving for economic results, we must accomplish a growth rate of "maintaining 3 percent and striving for 4 percent" and there should be no exaggeration. The plan calls for an increase of 7 percent in the light and textile industries, with efforts being made for 10 percent. Heavy industry should basically maintain the preceding year's level and strive for considerable growth.

Third, while tackling grain production, we must devote major efforts to promoting the production of nonstaple food and actively promoting the diversified economy. In the face of this year's continuous drought and the severe shortage of water, when promoting agriculture in the suburban areas, we must center on fighting the drought and have an overall plan for all production tasks.

The total output of grain will be 3.5 billion jin, slightly higher than the average output over the past 5 years. The total output of oil crops will be 60 million jin.

Some 2.24 billion jin of commodity vegetables will be supplied to urban markets, an increase of 7.2 percent.

The total output of meat will be 110,000 tons and the output of milk will be 160 million jin, an increase of 6.7 percent. Some 5 million jin of fish will be caught.

Trees will be planted over an area of 250,000 to 500,000 mu and 90,000 saplings will be cultivated. Fresh and dried fruits will amount to 310 million jin. We must strengthen management over fruit trees and raise the output of every tree.

The income of enterprises run by communes and brigades will be about 1.4 billion yuan, an increase of about 7 percent.

Fourth, providing supplies to the markets, arranging for foreign trade and further promoting the development of tourism will continue to be done well. In 1982, it is estimated that the total retail value of social commodities will amount to 7.4 billion yuan, an increase of 8.8 percent over the preceding year. Commercial departments should seriously implement the policy of "developing the economy and guaranteeing supplies," actively foster the development of industrial and agricultural production, organize the procurement of industrial and agricultural products, promote cooperation with other fraternal provinces and strive for more supplies of goods. At the same time, we must do a good job of technological renovation of industries run by commercial bodies, and improve the management standard. We must also tackle the construction of flour mills and edible oil plants and seek a speedy solution to supplies of soy sauce, vinegar, cakes, cooked meat and bean products.

We must strengthen the production and supply of small commodities and continue to add more commercial networks, facilitate the lives of the masses, and continue to do a good job of stabilizing the commodity prices. To do a good job of stabilizing the commodity prices. To do a better job of providing supplies to the market of the capital city, we must strengthen market research so that the commodities manufactured will be more marketable and the supply and marketing plans will better meet the ever-changing needs of the market.

Regarding tasks for the export trade, the 1982 plan is the same as that of the preceding year. Industry and trade must coordinate with each other. We must actively expand foreign trade, further develop flexible trade such as processing and assembling imported materials, and compensation trade. We must actively and effectively make good use of foreign capital, import advanced technologies and promote various kinds of international economic cooperation so as to better serve the building of the capital city.

We must further promote the tourist industry and strive to improve the quality of services.

[HK071427] Fifth, the collective ownership system and the individual economy in cities and towns will be promoted and labor employment will be arranged well. In accordance with the various situations, state farms, forestry centers and pasture farms should organize a number of youths to promote crop cultivation and animal husbandry.

Sixth, science and technology, culture and education, public health and sports will be promoted. In promoting science and technology, we must implement the policy of promoting harmonious scientific, technological, economic and social development. In the light of the characteristics of the capital city, we must devote major efforts to strengthening production technology research. We must also stress the development of technology in the forefront of industrial and agricultural production and publicize the results of scientific and technological research. We must further reform management of scientific research and improve economic returns. Regarding education, we must further do a good job in readjustment and rectification and devote major efforts to improving the quality of education. Excessive special courses offered by colleges and universities should be reduced. Instead, more courses on political science and law, economics and light and textile industries should be started. We must

continue to reform the structure of secondary education and actively and steadily promote senior vocational schools so as to provide more job opportunities for the youths. We must strive to improve the quality of secondary and primary education and build a firm foundation for primary and junior secondary school education. We must strive to promote nursery education and spare time industrial and agricultural education. We must continue to do a good job of running training courses for staff and workers, consolidating and developing television and correspondence universities, and holding spare time vocational secondary courses and technological courses so as to strive to enhance the cultural and technological standard of the staff and workers. Regarding public health, we must further implement the policy of giving priority to prevention, and launch patriotic public health movements in a thorough manner. Medical and health departments at all levels must continue to do a good job of readjusting and improving management methods and service quality. They must strengthen scientific research so as to enhance the medical and health standards of the capital city.

Regarding sports, we must further promote physical education in schools and hold games activities for staff and workers. We must also do a good job in training amateur and professional teams and strive for good results in the national games.

We must strictly control the growth of population and seriously promote planned parenthood. We must continue to adopt effective measures so that there are fewer children and encourage each couple to have only one child. At the same time, we must strictly control the mechanical growth of population.

III. Boost Our Spirit, Increase Production, Strictly Practice Economy, Strive To Improve Economic Returns, Fulfill and Overfulfill the 1982 Plan

In 1982, the focus of work for the municipality is on building material civilization on the one hand and spiritual civilization on the other. In the light of the position of the capital city and the existing needs, we must give priority to the building of spiritual civilization. In order to accomplish the tasks stipulated in the 1982 plan, all departments, enterprises and institutions must, under the leadership of the municipal CCP committee and the people's government, unite their ideologies, deepen their understanding, boost their spirit, learn from the advanced, check where they have lagged behind and launch movements to increase production and practice economy, centering on improving economic returns. We must tackle the following tasks.

[HK071429] First, we must launch rectification of enterprises by stages and in groups. Starting from this year, we must take 2-3 years to straighten out the existing enterprises by stages and in groups. Regarding the major rectification tasks, we must; 1) Further perfect the economic responsibility system; 2) reorganize labor organizations, establish and perfect the individual responsibility system and organize production (management) according to a fixed number of workers and a fixed quota; 3) straighten out labor discipline; 4) straighten out financial discipline and strengthen regular inspection and supervision of the financial affairs of enterprises. We must investigate and affix economic and legal responsibility to the relevant people.

Regarding the rectification of enterprises, we must do a good job of straightening out the work of the leadership group, and strengthening the ideological and organizational work of the leadership group.

Second, do a good job of technological transformation, the renovation of equipment for enterprises and bring the role of the existing enterprises into full play. The future development of the economy of the municipality should center on technological transformation and the renovation of equipment and on bringing economic benefits into full play. In the course of transforming technology, we must pay attention to three integrations: integrating technological transformation with the readjustment of enterprises and the reorganization of professions; integrating technological transformation with the dissemination of the results of scientific and technological research; and integrating technological transformation with urban reforms.

Third, do a good job of the conservation of water and energy. All departments and enterprises must strive to raise the utilization ratio of water and energy so as to practice economy and increase production. We must continue to do a good job of the renovation of equipment for the generation of energy and technological transformation. At the same time, we must also do a good job of planning the designs and construction of major projects for the conservation of energy.

Fourth, we must seriously find more ways to generate, accumulate and use our wealth. We must try every possible means to tap potential, increase income and economize on expenditure. We must integrate capital not included in the budget, budget capital and the credit funds and have overall arrangements and an overall balance so as to use the fund rationally. We must systematically work out a financial plan.

Fifth, we must adhere to the principle of giving priority to the planned economy and take regulation by market mechanism as subordinate. We must firmly establish the thinking of taking the whole country into consideration. When enlivening the microeconomy, we must strengthen the guidance of the state plan and oppose the tendency of selfish departmentalism and decentralism.

Sixth, we must strengthen ideological and political work. We must devote major efforts to launching "five stresses and four beautifuls" activities and activities of the "all-people civility and courtesy month" and enhance the political consciousness and the moral standards of the masses. We must resolutely combat criminal activities in the economic field. We must educate the broad ranks of cadres and the masses in the four basic principles, and correctly handle the relationship between partial and overall interests, and between short-term and long-term interests. We must also strengthen the sense of being masters of the country, establish a sense of responsibility to the state and to the overall situation and the concept of "serving the people and being responsible to them." We must motivate the enthusiasm of the broad rank of staff and masses, boost our spirit, overcome all hurdles, bring the fine revolutionary tradition into full play, be steadfast and make more contributions to the state.

ECONOMIC PLANNING

BRIEFS

GANSU FUNDS FOR PEOPLE--From 1979 to 1981 Gansu Province allocated 1.8 billion yuan to improve the people's living standards. The amount equals about 30 percent of the province's revenues in the 3 years. The fund was used to subsidize increasing the procurement prices of farm and sideline products, reducing rural taxes, arranging jobs for youths, raising workers' wages and producing farm and sideline products and some consumer goods. It was also used to build houses for workers and repair towns and cities. [SK260916 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 25 Mar 82 SK]

SHAANXI FINANCIAL SUPERVISORY SYSTEM--Shaanxi Province has restored the financial supervisory system which proved effective before the 10 years' civil strife. Relevant departments have trained the first batch of 716 financial supervisors, who are now working hard. To meet the needs of the four modernizations, further strengthen financial management and supervision, strictly enforce financial discipline, increase revenue and enable enterprises to rationally utilize funds, the provincial government has decided to restore the financial supervisory system and advised that a local state-run enterprise at and above the county and regimental levels which submits a profit of more than 200,000 yuan to the state a year or incurs a loss of more than 200,000 yuan a year should have a financial supervisor. [HK161355 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 15 Mar 82 HK]

HENAN LIVING STANDARDS IMPROVE--According to statistics, from 1979 to 1981, Henan Province spent 6.338 billion yuan on the improvement of people's livelihood. Of this sum of funds, 933 million yuan was spent on urban housing on 9.331 million square meters for staff, workers and residents, 232 million yuan was spent on arranging employment for 620,000 people, 2.694 billion yuan was spent on the purchase and sales of agricultural and sideline products and the subsidies to support agricultural products, 816 million yuan was spent on the subsidies of urban and rural consumer goods such as coal for everyday use, 890 million yuan was spent on readjusting the wages of staff and workers and the increase of bonuses and 530 million yuan was spent on nonstaple food subsidies for staff and workers. Due to the readjustment of wages, the total wages of the staff and workers throughout the province in 1981 was 65 percent more than in 1978. The average annual wages of a staff member or a worker in 1981 was 22.9 percent more than in 1978. [HK301359 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 28 Mar 82 HK]

GUANGDONG REVENUE INCREASES--According to the statistics compiled by the Guangdong Provincial Finance Department, in the first quarter of this year, the province fulfilled 26.1 percent of the annual revenue quota for 1982 and the revenue in the first quarter of this year was 4 percent more than in the corresponding period of last year. Except for Meixian and Zhaoqing Prefectures the revenue of which dropped, the revenue of the other 11 prefectures, municipalities and autonomous prefecture in the province was more than in the same period of last year. The revenue of Guangzhou, Shenzhen, Zhuhai and Shaoguan Municipalities, Foshan and Huiyang Prefectures, Hainan administrative region and Hainan Li-Miao Autonomous Prefecture increased by more than 10 percent. The province fulfilled its quota for industrial and commercial taxes for the first quarter of this year relatively well, fulfilling 29.3 percent of the quota for 1982. [HK090653 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 7 Apr 82 HK]

CSO: 4006/399

'SHAANXI RIBAO' LISTS MARKET MANAGEMENT METHODS

HK310431 Xian SHAANXI RIBAO in Chinese 15 Mar 82 p 2

["Shaanxi Provincial Trial Methods for Market Management (adopted by the Seventh Meeting of the Fifth Shaanxi Provincial People's Congress Standing Committee on 7 March 1982)"]

[Text] Chapter I--General Principles

Article 1. In order to promote industrial and agricultural production, stimulate the urban and rural economy, enliven the markets, stabilize prices and maintain socialist economic order, the following trial methods have been worked out in accordance with the "Instructions on Strengthening Market Management and Hitting at Speculation, Profiteering and Smuggling Activities" and other policies, laws and regulations made by the State Council.

Article 2. State-operated commercial and supply and marketing cooperatives are the main part of the socialist market. All units and individuals who are engaged in state-operated commercial activities, in supply and marketing commercial activities, in collective commercial or other purchase and sale activities, must carry out the policies and laws of the state in this respect. Commercial departments at various levels must make great efforts to promote the circulation of commodities and actively promote purchase and sales in accordance with the state plan and the needs of the markets.

Article 3. Country fairs and urban markets for agricultural and sideline products are indispensable component parts of the socialist market. They play an active part in promoting the urban and rural economies and satisfying the people's needs. It is necessary to adhere to the principle of "taking flexible measures in market management" and protect normal commercial activities. It is also necessary to hit at speculation and profiteering so that urban and rural fairs and trades can be enlivened and be managed well.

Chapter II--Management of Agricultural and Sideline Products

Article 4. Agricultural and sideline products of the first category, such as grain, fat and oil, must be managed by the grain departments under a unified plan. No other units are allowed to be engaged in managing these products. After fulfilling the quarterly purchase tasks of the whole county, the surplus grains and oil of communes and brigades can be sold in the market. The grains and oil owned by commune members can be sold in the market at any time of the year. All cotton and all short-staple cotton must be managed by the supply

and marketing cooperatives under a unified plan. No other units or individuals are allowed to be engaged in managing these products. All collectively-owned or individually-owned cotton can only be sold to the supply and marketing cooperatives and cannot be sold in the market.

Article 5. Agricultural and sideline products of the second category, such as, tung oil, raw lacquer, lacquer oil, silkworm cocoons (natural silk), black edible fungus, flue-cured tobacco, tea, sheep's wool, cashmere, sheepskin, cattle hide, bristles, musk, gastrodia, elata, eucommia ulmoides, coptis dhinensis, bezoar, magnolia officinalis, cornus officinalis and other major industrial raw materials and valuable Chinese medicinal materials must be purchased by responsible departments under a unified plan. They must not be sold by any other units or individuals in the market. As for other products, after fulfilling the purchase tasks set by the state plan or contracts, they can be sold in the market.

Article 6. Agricultural and sideline products of the third category can be sold in the market when the purchase tasks set by the state plan or contract are fulfilled.

Article 7. With the approval of the relevant state grain departments, state-operated, collective and licensed individual catering trade units can purchase grains and oil at country fairs. The mills run by communes and brigades to produce bean or sweet potato noodles, beancurd, soy sauce, vinegar and such like must be built on such a basis that they can have an ensured supply of raw materials from their own products, from the processing trade or from exchange. However, with the approval of the grain departments, they can also purchase raw materials and sell processed goods at the fairs. But reselling their raw materials at a profit is strictly banned.

Article 8. Agricultural and sideline products of the third category, which are produced by state-operated farms, tree farms, pasturelands and fishing grounds, and the second categorical agricultural and sideline products of the second category which are allowed to be sold in the market can be sold only after fulfilling the purchase tasks set by the state plan or contracts, and with a certificate issued by a relevant purchase department. Failure to do so will incur a fine of no more than 20 percent of the sales, according to the seriousness of the case.

Article 9. When organs, organizations, army units, schools, enterprises, institutional units or industrial and commercial departments in the sales district want to purchase the above-mentioned products which are allowed to be sold in the fairs in the production districts, they must register with and be approved by the proper local departments in charge of industrial and commercial administrative management. They must abide by the relevant regulations in the localities. Failure to do so will result in criticism, the confiscation of the purchased goods at the state's purchasing price or a fine of no more than 20 percent of the purchase volume, according to the seriousness of the case.

Article 10. Vegetables produced by vegetable production teams in the cities and in the industrial or mining areas, which are subject to planned purchase by the state, must not be sold in the market.

Article 11. All edible things which are sold in the market must be strictly examined in accordance with relevant sanitary regulations. Selling of foodstuffs which have deteriorated, or become rotten or poisonous is not allowed. The foodstuffs of those who violate this rule will be confiscated. Those whose actions have had serious consequences will be investigated and have the economic responsibility or criminal responsibility for such consequences affixed on them.

[HK310433] Chapter III--Management of Timber

Article 12. No free markets will be established in forestry or nearby areas. Standard timber produced by state-run forestry units must be purchased by the state except that timber which is for the use of these units according to relevant stipulations. Standard timber produced by communes and brigades in the forestry area must be divided into different grades and be purchased according to plan. From 1982, the state will monopolize 70 percent of the purchase. The timber or semi-finished products produced in the forestry areas must be managed by forestry departments under a unified plan. No other departments or units are allowed to go to the forestry areas to fell trees, or purchase or process timber.

Nonstandard timber produced by communes and brigades in the forestry areas as well as commune or brigade-owned timber and large quantities of processed or semiprocessed products can be sold by forestry departments on a commission basis or exchanged, under unified organization and with the approval of the forestry departments, with the sales areas. The timber privately owned by commune members in the forestry areas can be sold by forestry departments on a commission basis when approved by production brigades.

Firewood, charcoal and other processed or semiprocessed wood products needed by supply and marketing cooperatives, light industrial and foreign trade departments, and commune and brigade enterprises must be produced and supplied by forestry departments under a unified plan.

Article 13. Timber and other wood products produced by commune members or communes and brigades outside the forestry areas can be sold in the fairs with a certificate of the relevant production brigade.

Article 14. All timber-processing enterprises run by communes and brigades collectively must be examined and approved by the relevant forestry department and must register with the proper department in charge of industrial and commercial administrative management. Without being approved and registered, these enterprises are banned.

Chapter IV--Management of Industrial Products

Article 15. The industrial products produced by state-owned or collective industrial enterprises, which are stipulated in relevant policies as being allowed to be put up for sale by the producers, can be sold or placed on trial sale by the producers after fulfilling the purchase tasks set by the state plan or fulfilling contracts.

Article 16. All state-operated commercial units, supply and marketing cooperatives, industrial units which are authorized to sell their own products or place their products on trial and exhibition sale, collective commercial units, licensed peddlers and other units which are engaged in purchase and sale must implement the state's sale and price policies. All commodities which have a fixed price must be sold at the retail price stipulated by the state. As to the commodities the price of which can be negotiated between industrial and commercial departments, the state's policy on the discrepancy between wholesale and retail prices must be carried out. The illicit income of those who violate this rule will be confiscated according to the seriousness of the case.

Article 17. Commune members can, with a certificate issued by the production brigade, sell the industrial products which as a reward, the state authorizes them to buy.

Chapter V--Management of Transportation of Goods for Sale

Article 18. Rural communes and brigades can be engaged in the transportation of surplus second and third category agricultural and sideline products of their own or of nearby communes and brigades, which the state no longer requires to purchase, after contracts and purchase tasks set by the state plan are fulfilled.

Article 19. Commune members, with the approval of the production team, and within their capability, can engage in the transportation (such as, shouldering, carrying, pulling carts and carrying on bikes) of those second and third category agricultural and sideline products which are allowed to be sold at the fairs.

Article 20. No individual is allowed to privately purchase or use cars, tractors, motor vehicles, ships or other major means of transportation to transport goods for sale. However, as for some seasonal fresh and live agricultural and sideline products which can easily die or turn putrid, and for some products which are bulky but of little value, they can be transported by individual laborers by means of trucks or ships in their season with the approval of the relevant department in charge of industrial and commercial administrative management in the production region.

Article 21. Commune members and production teams can either buy or sell livestock at the fairs. But when they want to sell livestock at the fairs, they must have a certificate issued by the production brigade so that reselling on the spot can be strictly banned.

While giving priority to serving their own production, the production teams can transport major livestock to other places for sale with the approval of the county (municipal) industrial and commercial administrative management department. The transportation of large quantity of livestock to other provinces for sale must be approved by county agricultural departments.

[HK 310435] Chapter VI--Management of Business Limits and Trade Marks

Article 22. All state-operated commercial units, supply and marketing cooperatives, collective commercial units and individual producers and businessmen

as well as all other units engaged in commercial activities must be registered with the industrial and commercial administrative management department, obtain a business license and do business within the limits set and in the same way as when they registered. Business without licenses or businesses operating beyond licensed limits are not allowed. Those who violate this rule will be criticized or their illicit income will be confiscated according to the seriousness of the case. At the same time, the bank will not settle their accounts.

Article 23. No organs, organizations, army units, schools, industrial or mining enterprises or institutional units are allowed to engage in commercial activities, except in the case of retail shops selling, trial selling or exhibiting their own products, factory-run shops, soldiers' service centers and shops for young intellectuals, which have been registered with and approved by the relevant industrial and commercial administrative management departments. Those who violate this rule will have their illicit income confiscated and will be banned.

Article 24. With the approval of the industrial and commercial administrative management departments, rural communes and brigades as well as commune members can engage in the catering trade, repairing and service trades, and handicraft industry at country fairs. Communes, brigades and commune members in county locations can engage in these activities in the county localities. With the approval of the public security organs and the industrial and commercial administrative management department, communes and brigades can collectively run hotels along the main communications lines in rural areas. Unapproved business activities are strictly banned.

Article 25. All medicines produced by any unit must be examined and approved by the provincial public health bureau in accordance with the "regulations governing management of medicines." Unapproved medicines must not be produced, purchased, sold or used. Those units which violate this rule will be ordered to cease production or will be banned by the industrial and commercial administrative management department and medicinal management department jointly with the public health department. All medicines produced with approval, and which are up to standard, must be managed by the medical sales agencies under unified arrangements. However, those which are not up to standard must not be permitted to leave the factory, be sold by sales agencies or be used by medical departments. All such medicines which have already left the factories should be fined. Before starting business, all individual doctors must be approved by the public health departments at or above the county level and given a certificate of qualification. Without being approved, no one is allowed to practice medicine.

Article 26. State-owned warehouses (including commission agents) are chiefly commissioned to purchase, sell, transport or store commodities. They can also be engaged in self-run businesses. The range of commodities they can manage is as follows: the third category agricultural and sideline products; the second category agricultural and sideline products which are allowed to be sold at the fairs after the state purchase plan and contracts are fulfilled; the industrial products which are allowed to be sold by the producers; and the products produced by rural communes and brigades or neighborhood collective

enterprises in towns and cities, which are not included in the state plan and will not be purchased by state-owned commercial departments and the supply and marketing cooperatives. The following products should not be managed by state-owned warehouses: the first category agricultural and sideline products, such as grain, cotton and so forth; the second category agricultural and sideline products which are not allowed to be sold at the fairs; the second and third category agricultural and sideline products the purchase tasks set by the state plan or contracts for which have been fulfilled; and the first and second category industrial products which are not allowed to be sold by the producers.

No organs, organizations, army units, neighborhood committees, schools, factories or mines are allowed to run warehouses.

Those who violate this rule will be educated through criticism or their illicit income will be confiscated according to the seriousness of their cases, and the bank will not settle accounts for the units concerned.

Article 27. All purchase and sales personnel should purchase or promote sales in accordance with the state's rules and regulations. They should not violate the policy of the state's monopoly in the purchase and marketing of grain, cotton and other products and the policy of purchasing under a unified plan. No unit or enterprise is allowed to do business through improper means, such as, giving dinners and presenting gifts, giving or taking bribes, or speculating. It is not allowed to hire hands to purchase raw materials, to sell them or promote their sales. Go-betweens are not allowed to get "commissions" in sales. Anyone who violates this rule will have their illicit income confiscated or will be dealt with according to law and according to the seriousness of the case.

Article 28. No unit or individual is allowed to privately produce or manage superstitious or gambling paraphernalia or drugs, to publish, purchase or sell reactionary or obscene books, journals, pictures, gramophone records, recorded tapes and such. The illicit income and materials of the offenders will be confiscated, and serious cases will be dealt with according to law.

Article 29. Trade marks of industrial products must be registered with the industrial and commercial administrative management department by the users. Unauthorized trade marks should not be used and papers, radio and television stations and printing houses must not carry, broadcast and print such trade marks. Violators of this rule will be punished according to the seriousness of the case, the unauthorized trade marks will be banned and the income of newspaper offices, radio and television stations and printing houses will be confiscated.

[HK310437] Chapter VII--Management of Imported Goods

Article 30. Individuals who want to sell their imported goods must sell them to the units appointed by the state. They should not sell them openly at the fair market or through black markets. Violators will be given punishments, such as paying overdue tax, having the state purchase the goods according to list purchase prices, having fines imposed and confiscation of the goods,

according to the seriousness of the cases, or they will be punished by judicial organs according to law.

Article 31. Commercial units which are engaged in the management of individual imported goods must be approved by the industrial and commercial administrative management department above the county level. Unapproved units cannot engage in this management. The illicit profit of the units which violate this rule will be confiscated and the goods which have not been sold will be purchased at list purchase price by state-appointed commercial units. Those units which seriously violate this rule will be ordered to cease business and the leaders of these units will be affixed with responsibility for the cases.

Article 32. Any unit or individual who wants to buy imported goods must buy them at state-appointed commercial units. No one is allowed to buy goods from individuals or through black markets. Violators will be given punishments according to the seriousness of the cases, such as paying overdue tax, having the goods purchased by the state at list purchase prices, having fines imposed and having goods confiscated. Leaders of the units which seriously violate this rule will be affixed responsibility for the cases.

Chapter VIII--Management of Speculation and Profiteering

Article 33. Those who illegally resell industrial and agricultural production materials, buy up state-controlled goods by forcing up prices or buy up commodities from state-owned or supply and marketing cooperatives retail shops for resale at higher prices will be punished. They will be made to return their illicit income or be fined. The existing unsold goods will be sold at a lower or limited price, or will be confiscated.

Article 34. The wholesale resellers, black market brokers who seek exorbitant profits through speculation and driving up prices by hoarding and cornering commodities in great demand as well as those who are engaged in smuggling will be made to return their illicit income or be fined. The unsold commodities will be sold at a lower or limited price, or will be confiscated.

Article 35. Those who are engaged in reselling goods-supply coupons and bank negotiable securities and those who are engaged in reselling gold, silver, foreign currencies, counterfeit money, jewelry, cultural relics, imported goods, valuable medicinal materials and such will be made to return their illicit income. These goods and coupons will be confiscated and fines will be imposed. Serious cases will be dealt with according to law.

Article 36. Those who have done shoddy work and used inferior or spurious materials in production to seek exorbitant profits will be made to return their illicit income, be fined, have their materials confiscated, be ordered to cease production or their business licenses will be revoked in accordance with the seriousness of the cases.

Article 37. Those who are engaged in swindling and bluffing under all sorts of pretexts, such as working for state-owned enterprises and institutional units, and those who grab property and seek illicit income by improper means, such as selling certificates, invoices and contracts, writing certificates,

making out invoices and signing contracts on others' behalf, and offering bank accounts, checks and cash for this purpose will have their property confiscated. The property they have grabbed in this way and their illicit income will be confiscated and they will be fined. Leaders and handlers in the units which are involved in these illegal transactions will be affixed with the responsibility for such activities and serious cases will be dealt with according to law.

Article 38. Minor cases of speculation and profiteering as mentioned above can be handled by grassroots industrial and commercial administrative management offices and then be reported to the county (municipal) industrial and commercial administrative management bureaus for the record. Major cases must be handled by the county (municipal) industrial and commercial administrative management bureaus. In serious major cases, the county (municipal) industrial and commercial administrative management bureaus must report them to the county (municipal) people's government for examination and approval. Most serious cases which must be investigated and have responsibility for criminal offences affixed should be handled by judicial organs.

Article 39. Public security organs, tax bureaus, banks, railway and communications departments, post and telecommunications departments, public health departments and departments in charge of market prices and measuring and weighing must take concerted action in dealing with speculation and profiteering. It is necessary to act in accordance with the relevant rules and regulations of the state in dealing with the money deposits, remittance, postal parcels and consignment goods of the units or individuals involved in speculation and profiteering.

[HK310439] Article 40. Fines and confiscation of goods must be handled by the industrial and commercial administrative management departments. Units and individuals which are fined or have materials confiscated will be given a receipt when things or money are received. If the payment of the fine imposed on a unit is delayed, the industrial and commercial administrative management department will notify the bank or the credit cooperative to debit its deposit accounts. If an individual delays the payment, the fine will be deducted from his or her income in the work unit.

Article 41. All materials which have been purchased at a lower price, at the market price or have been confiscated, must be purchased and sold by the business department responsible for the work. They must not be shared among the staff members within the department. If the business department will not purchase these goods, they can be sold by commission shops. Coupons which have no list value must be returned to relevant responsible departments and the negotiable securities and cash must be handed over to the local financial department to be handled according to relevant stipulations.

Article 42. The industrial and commercial administrative management department must have written record for each case of speculation and profiteering it handles and must notify the units and individuals concerned.

Article 43. Managerial personnel of the industrial and commercial administrative management departments are authorized and have been given "credentials for examining industrial and commercial management" to interrogate those who

are engaged in or are suspected of being engaged in speculation and profiteering and to examine the goods they carry with them.

Article 44. In regard to property illegally stored and voluntarily reported to the responsible department by speculators, the industrial and commercial administrative management personnel must be on the scene with necessary witnesses and make the speculators themselves take them out. If a search is necessary, it must be made in accordance with the relevant state stipulations. The property being speculated on can be detained for a time when necessary and be handled after investigation or after winding up the case. The industrial and commercial management personnel must give a receipt for the detained goods.

Article 45. Strong measures will be taken against those who obstruct or refuse examination by the industrial and commercial management personnel, who attack, abuse or beat them, and those who attack the industrial and commercial, tax and public security organs or who pretend to be market management personnel to commit offences. Serious cases shall be dealt with according to law.

Article 46. Those who obstruct and sabotage the examination of speculation and profiteering cases and shield and encourage the activities of the speculators will be given administrative punishment, be subject to economic sanctions or be dealt with according to law and according to the seriousness of their cases.

Article 47. The industrial and commercial administrative management departments will give spiritual and material rewards to any unit or anyone who helps in the examination of speculation and profiteering cases. Those who expose and report illegal activities to relevant departments must be protected.

Chapter IX--Service and Management

Article 48. The people's governments in various municipalities and counties must take into account and make arrangements for the construction of the markets and market facilities for rural fairs and urban agricultural and sideline markets in line with the principle of making things convenient for the people, the principle of them being beautiful, practical and economical and the principle of not blocking traffic. This must be included in the plan for the construction of towns and cities.

Relevant departments must be appointed to be responsible for sanitation work in the market places.

Article 49. Country fairs and urban markets for agricultural and sideline products must be put under the unified leadership and management of the industrial and commercial administrative management departments. Sales points of various business departments at the fairs must accept the management of the industrial and commercial management departments.

Article 50. The industrial and commercial administrative management departments are responsible for collecting and spending market service charges in accordance with the principle of "collecting from the market and using in the

market." The service charges must be calculated according to the day's transaction volume. For transactions of cattle, pigs and sheep, the service charge must be less than 1 percent of the transaction volume while for other transactions, less than 2 percent of the transaction volume. For a transaction under 10 yuan, the service charge is 5 fen to 1 jiao. Apart from taxes collected by the tax department according to state stipulations, the quarantine fees collected by the epidemic prevention station and transaction service charges collected by the industrial and commercial administrative management departments, no other units are allowed to collect any charges in the market and fairs. When charges are collected, the relevant department must write out a receipt.

Article 51. The industrial and commercial management personnel must handle matters impartially, realistically and according to the state policies. They must actively propagate the policies and regulations on market management and protect normal transactions of the masses. Those who take advantage of their power to receive bribes and oppress the masses will be dealt with severely or punished according to law.

Article 52. The industrial and commercial management personnel must wear armbands or badges when they are on duty.

Chapter X--Supplementary Articles

Article 53. If any of our previous provincial regulations and methods on market management differ from this trial method, we must follow the latter.

Article 54. The provincial people's government authorizes the provincial industrial and commercial administrative management bureau to organize the implementation of this trial method and be responsible for its explanation.

Article 55. This trial method is effective from 1 October 1981.

ECONOMIC MANAGEMENT

ECONOMIC RESULTS IN SOCIALIST ENTERPRISES DISCUSSED

Beijing SHIXING JINGJI CAIGE, JIANQUAN JINGJI HESUAN ZHI / CARRYING OUT ECONOMIC RESTRUCTURING, STRENGTHENING ECONOMIC ACCOUNTING SYSTEMS / In Chinese 1980 pp 225-235

[Article by Chen Lingshu [7115 0109 3219]: "Substance of Economic Results in Socialist Enterprises and Criterion for Their Assessment"]

[Text] Readjustment of the proportionate relationship of the national economy, restructuring of the economic system, reorganization of the enterprises and upgrading of their economic results all have one common goal: improvement of the economic results of production and management in enterprises and acceleration of the four modernizations. Such economic results are the starting point as well as the end result in the management of the entire national economy, and the effectiveness or ineffectiveness of the national economic management at various links will ultimately be revealed in these economic results. Therefore, a study of the substance of the economic results of production and management in socialist enterprises and of the criterion for assessing these results are of very great significance in implementing the policy of readjustment, restructuring, reorganization and upgrading.

I.

After deducting for the consumption of energy and raw materials required, what is left from an enterprise's production becomes the economic results of the enterprise's production and management. This is the general substance of economic results under conditions of socialized production. Therefore, as long as there is socialized production, this general substance of economic results will remain.

However, the economic results of an enterprise's production and management are determined not only by the development of social productive forces, but also by the social character of the relations of production. The substances of economic results of an enterprise's production and management are different under different social systems. In a capitalist society, the economic results of an enterprise's production and management are measured in terms of profits, so that the greater the profits, the better will be the economic results, and the lack of profit will also mean the lack of economic result. That is why we usually say that capitalist enterprises produce only for profits. Socialism

has eliminated the capitalist system of private ownership of the means of production. Under this system, the laborers make use of the publicly owned means of production to work for the common needs of their own society. Then what should be the yardstick of the economic results of the production and management of socialist enterprises? For a long time, people have not been able to find a final answer to this question.

Since the economic results of production and management in socialist enterprises should be subordinated to the goal of socialist production, they are different from capitalist economic results because of their social character. Some comrades hold that since the aim of socialist production is "the satisfaction of requirements," the enterprises achieve economic results as long as they produce material products. Thus material products are equated with the economic results of production and management. In fact, an enterprise must be able to produce a certain amount of material products regardless of the consumption incurred in the process of production, as long as these products are not all rejects. However, these products do not show whether or not the production and management of the enterprise have produced any economic result. These economic results are shown not by the amount of products produced, but rather by a comparison of the goods produced with the energy and raw materials consumed. If the goods produced are worth more than the energy and raw materials consumed, then economic results have been achieved. However, if the goods produced do not make up for what has been consumed, then there is no economic result to speak of. This is a common way of comparison under conditions of socialized production. To understand the substance of economic results of production and management in socialist enterprises, we must first understand the basic aim of socialist production. Some comrades think that since the aim of socialist production is "the satisfaction of requirements," the material products produced should stand for economic results. In fact, this is an interpretation of the aim of socialist production as that of social production in general. Satisfying social requirements is a common goal of production in human society, because production in any society aims at the satisfaction of certain requirements, and without these certain requirements, there would be no production in human society. Therefore, the satisfaction of requirements is a very general concept and cannot be the basic characteristic of the aim of socialist production. For the same reason, the production of material products cannot be regarded as the substance of economic results of production and management in socialist enterprises. Marx said: "Labor, as a creator of use-value or useful labor, is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchange between man and Nature, and therefore no life."¹ From this, we can see that if we regard the satisfaction of requirements as the aim of socialist production and the production of material products as socialist economic results, we are treating a common characteristic of all forms of society as a special feature of the aim of socialist production. This cannot explain the particularity of the socialist relations of production and therefore cannot help solve the real problem which now exists or raise the level of economic management. The real problem which now exists does not concern the ability of the enterprises to produce material products or the suitability of these material products to social needs. Quite the

Contrary, all enterprises are now producing material products, although some of them may fail to stress economic results. Their consumption is high and their waste is serious. For a long time, they have been incurring losses and are an obstacle to the development of the national economy. It is therefore necessary for the enterprises under poor management to be closed during the readjustment, so that there can be a concentration of funds to be used on other enterprises which require less investment but yield better results. This measure will help raise the level of management and promote the development of the entire national economy.

Instead of meeting people's needs in a general way, the aim of socialist production is "the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society."² In other words, the people's living standards should be constantly raised, and individual income and social accumulation should be constantly increased. The so-called "constantly rising material and cultural requirements of the whole of society" certainly do not imply a subsistence level, or only the freedom from cold and hunger, and even less luxury for a small number of people. It means a constant rise in the people's standards of living. In other words, people should enjoy increasing prosperity instead of suffering increasing poverty. To satisfy these requirements, mere production of material products is not enough. Compared with the consumption required, the production must leave a credit balance which will serve as a material condition for a rise in people's standards of living. This balance is what people usually call "surplus product," and we must have this balance before we can meet the basic requirements of socialist production--to further raise the people's standards of living and to carry out expanded reproduction. Therefore, we can say that surplus product is the basic substance of the economic results of production and management in socialist enterprises.

Surplus product in this sense is decided by the fundamental requirements of socialist production and reflects the basic feature of the socialist mode of production. The aim of socialist production is maximum satisfaction of people's requirements in their daily life, and surplus products are the material foundation for raising people's standard of living and level of consumption. Both products and surplus products are needed under the socialist system, and there is actually no antagonistic contradiction between them. On the contrary, surplus products are the material foundation for increasing the necessary products and the individual income. Experiences in the development of socialist economy have shown that workers' income can be increased only through the increase of surplus products. If many enterprises incur losses, the increase of individual income will be impossible. Engel said: "Instead of generating misery, overproduction will reach beyond the elementary requirements of society to assure the satisfaction of the needs of all; it will create new needs and at the same time the means of satisfying them."³ Therefore, in socialist economy, the increase of surplus products has become a precondition for the improvement of people's living conditions.

At the same time, we must expand reproduction at a high rate in order to satisfy the constantly rising material and cultural requirements of the people.

If production can only be maintained at the level of simple reproduction, we will not be able to maintain a constant increase in surplus products, and it will be impossible for us to satisfy the constantly rising material and cultural requirements of the people. At the same time, surplus products are the material foundation for increasing social accumulation, carrying out expanded reproduction and promoting further social progress. Engels said: "A surplus of the product of labor over and above the costs of subsistence of the labor, and the formation and expansion of a social production and reserve fund out of this surplus--these were and are the basis of all social, political and intellectual progress."⁴

Surplus products are created by the laborers in the sphere of material production. They reflect the contribution of laborers in this sphere to the entire society; and more surplus products will mean greater contributions from these laborers. The amount of surplus products created in an enterprise is mainly determined by its levels of management and labor productivity. When the production of necessary products is relatively stable, higher labor productivity will enable the enterprise to provide more surplus products to the society, and the level of labor productivity is determined by the skill of the laborers, the level of the technical equipment, the organization, and the standard of management. The reason why we advocate a rise in the standard of management and the acceleration of the four modernizations is that we want to further raise the labor productivity in order to improve the economic results of the enterprise's production and management. Our productive forces are fairly backward and our standard of management is fairly low at present, and that is why the economic results of production and management in many enterprises are very poor, and some of them are incurring losses. This will hamper the progress of the four modernizations.

One of the important causes of our poor economic management is that the economic results of production and management have not been highly regarded. People have only been concerned with production regardless of profits or losses, and this has resulted in serious waste of manpower and material resources. This is against the objective laws of economic management. The Party Central Committee has recently adopted the policy of readjustment, restructuring, reorganizing and upgrading for the national economy, and one of the important goals of this policy is to improve the economic results so that every enterprise will more thoroughly understand the objective laws, improve its management, and continue to increase the production of surplus products as a material foundation for the four modernizations.

(1).

Socialist production is socialized mass production. Since the products of every enterprise are not directly used to meet its own needs, there can be no way to tell the difference between necessary products and surplus products on the basis of their material forms. At the present stage of socialism when the relations of commodity and money are still preserved, we must use value as a means to tell this difference. According to the law of value, there is still a contradiction between the consumption of socially necessary labor and the

actual consumption of labor by individual enterprises. Thus the value of any product cannot be determined by the actual consumption of labor in an enterprise. Instead, it should be determined by the consumption of the average socially necessary labor for the same type of product. Under the system of economic accounting, the enterprises can only calculate their revenues and expenditures in terms of money. They can calculate the consumption of the means of production in monetary terms and the consumption of labor according to the remuneration paid to their workers and staff members based on the principle "to each according to his work." This is how the enterprises calculate their production costs. The enterprises sell their products at prices determined by the consumption of average socially necessary labor. Part of the proceeds from sales is used to cover the production costs, and the remaining part becomes their profits. This is how surplus products are transformed into the enterprises' profits. Since the surplus products are the substance of the economic results of socialist production and management, profits, as a monetary form of surplus products naturally become a yardstick of the economic results of production and management in socialist enterprises.

In the strict enforcement of economic contracts and of the principle of exchange at equal values, the sale of products shows that the products of the enterprise can meet social needs and have been socially accepted, and that the value of these products has been realized at prices determined by the consumption of average socially necessary labor in production. These products therefore stand for the achievements of the enterprise in production. Production cost represents the expenses incurred by the enterprise in the process of production. It includes the amount spent on the purchase of the means of production and the payroll. The former shows the consumption of materialized labor, but the latter does not show all the living labor consumed in the process of production. Nevertheless, while the payment of wages according to the principle "to each according to his work" is still preserved, we can only use the payroll as a means of showing the consumption of such labor in production. Both materialized labor and living labor combine to form the total consumption in the enterprise's production. The proceeds from the sale of products less the production cost represents the economic result gained by the enterprise. Some comrades think that the enterprise should have already obtained its economic results as soon as its products are off the production line. In fact, under conditions of commodity production, if a socialist enterprise does not gain any profit after balancing its revenues and expenditures, it shows that although its goods have already been produced, its receipts can only cover its expenses on the means of production and the payroll; if the receipts cannot even cover the production cost, it shows that the enterprise has incurred a loss; and if the amount of loss is larger than its payroll, it shows that despite its output, the enterprise has not created any new value, and that some wealth previously created by labor has been wasted. All these suppositions show that the enterprise has not achieved any economic result even though it has produced goods. A socialist enterprise must be able to keep the consumption of living labor to produce its products below that of the average socially necessary labor in order to make profits or to achieve economic results. The greater its profits, the better will be its economic results and the more successful will it be in accomplishing its tasks.

Some comrades have raised this question: The economic results of capitalist enterprises in production and management are shown by their profits, and the economic results of socialist enterprises in production and management are also shown by monetary gains; then what is the difference between the economic results of capitalist and socialist enterprises? We would say that there are differences in principle between them. The differences are as follows: (1) The profits of capitalist enterprises represent the surplus value created by workers and taken over free by the capitalists. The change of the material wealth created by workers into the private property of capitalists reflects the relations of exploitation in capitalism. The monetary gains of socialist enterprises represent the wealth created by the laborers in the sphere of material production to satisfy common social needs and are the material foundation for the expansion of public property. They are the laborers' contributions to the society, and reflect the relations of mutual cooperation among the laboring people. (2) The profits of capitalist enterprises are transformed from surplus value with a distortion of its source, while the gains of socialist enterprises are surplus value in monetary form, reflecting an accounting of surplus value and the process of distribution. (3) The profits of capitalist enterprises are the cause of continued increase of capitalist wealth, with corresponding increase of poverty for the working class and a growing imbalance in the distribution of social wealth; the gains of socialist enterprises on the other hand are the material foundation of people's common prosperity, as well as the material conditions for the ultimate abolition of classes and the realization of communism. Therefore, the gains of socialist enterprise are fundamentally different from the profits of capitalist enterprises, and they should never be confused. In theory, we must also further eliminate the bourgeois metaphysical and reactionary viewpoint of the "gang of four"--the viewpoint that since profits are the economic results of capitalist enterprises, the economic results of socialist enterprises should not be shown in monetary gains. This is a reactionary viewpoint of "working against it" which is contrary to historical materialism and has been the cause of severe damage to our social economy. The pernicious influence of this viewpoint still has not been completely wiped out, as shown by the opposition which still exists to the use of monetary gains as a measure of economic results for the reason that such use will obliterate the demarcation between socialist and capitalist enterprises. The people who hold this viewpoint are apparently not aware that such opposition is influenced by the poisonous idea that "business losses are a sign of socialist superiority" as preached by the "gang of four." The superiority of socialist planned economy is that a sustained proportionate development will provide maximum economic results for the national economy and that the gains obtained in this way will be ever greater than those of capitalism.

III.

The use of gains in socialist enterprises as a means of assessing the economic results of the enterprises in production and management is of great importance to enterprise management.

First, it strongly encourages the enterprises to increase their output and to improve the quality of their products. Since the gains of enterprises come

from the proceeds of their sales minus the production cost, the enterprises can increase their gains only by increasing their sales. When the prices have already been set, the enterprises must increase their output and improve the quality of their products before they can have increased proceeds from their sales and then raise their profit level. Therefore, the use of profits as a means of assessing the enterprises' economic results will encourage them to produce more goods of fine quality. The improvement of quality means the reduction of losses from rejects in the process of production. The increase of fine quality goods with even less consumption of fuel and raw and semi-finished materials shows the improvement of economic results. Fine-quality means of production will guarantee the quality of production and construction and will help speed up the development of the national economy, while fine-quality consumer goods will help improve the conditions of living for the urban and rural population and secure the satisfaction of the constantly rising material and cultural requirements of the people. On the contrary, if the enterprises pay no attention to economic results and only try to increase their output, with no regard for the quality or to the requirements of the market and the people, their products will be either "crude and unattractive" or "substandard and unsalable." Furthermore, these products will become overstocked and have to be disposed of either at cut prices or through arbitrary distribution among the consumers. This will eventually hinder production and the improvement of people's livelihood, and will cause great waste for the state. This vicious cycle may even bring about a backslide in production in the whole society. In fact, this form of arbitrary distribution and high-pressure sales are against the law of value, and will be sanctioned by objective laws. We must observe the objective laws, bring into play the role of value, including the use of profit as a criterion for assessing economic results, as a means to arouse the enthusiasm of the enterprises, before we can induce every socialist enterprise to use its own initiative to increase the output, improve the quality, add more designs and varieties, and produce more fine-quality and profitable goods.

Furthermore, the use of profit as a criterion for assessing economic results can induce the enterprise to continue the reduction of labor consumption. Provided the proceeds from sales remain unchanged, the enterprise can increase the profits by lowering the expenses in production, that is, the cost expenditures, and reduce labor consumption. While being frugal with the consumption of raw and semifinished materials, auxiliary materials, fuel and power in the process of production, the enterprise should also achieve better utilization of its machinery equipment so as to reduce the per-unit consumption of products and lower the value transferred from these materials to the finished products. It should also economize on living labor and reduce the number of man-hours spent on each unit of product, so as to raise the labor productivity and lower the wages paid in production. This will reduce the enterprise's production expenses, lower the production costs, and increase its profits. If we do not use profit as the criterion for assessing economic results, the enterprises will only be concerned with the output and pay no attention to consumption in the process of production. This is a very important cause of high consumption, serious waste and even prolonged losses which cannot be prevented among many enterprises. The use of profit as a criterion for assessing the economic

results of production and management among enterprises will help prevent the serious losses incurred by some enterprises at present, give full scope to the role of profits as an objective lever, and dynamically induce the enterprises to practice economy.

Finally, profit is the ultimate overall index of production and management in enterprises, and can comprehensively reflect the results of work in various aspects. The use of profit as a criterion for assessing the economic results of an enterprise's production and management will encourage it to comprehensively raise its management level. Production is the central task for all socialist enterprises, and all aspects of enterprise management, including the management of planning, finance, materials, labor, technology, equipment and so forth, should serve production. When the relations of commodities and money still remain, under the system of economic accounting, the movement of enterprise funds reflects the entire process of production. As a comprehensive value index in the movement of funds, profit reflects the result of not only just certain aspects but also an all-round view of the work, provided the pricing is rational. For example, faulty planning or unsalable goods can result in a tie-up of funds, reduction of revenues from sales, and the lowering of profits. Again poorly organized labor may result in work stoppage or technical accidents, and ultimately the production of rejects, reduction of output and increase of consumption. In technical management, any change in the design or the composition of ingredients may have a direct effect on the level of production cost. Other factors such as the quality of management of equipment and material will also finally be shown in the profit level. Therefore, the use of profit as a criterion for assessing the economic results of production and management will encourage the enterprises to strengthen management in various aspects, and the improvement of management will in turn enable the enterprises to increase their profits. Comrade Mao Zedong said: "All socialist economic establishments must pay attention to the full utilization of manpower and equipment, improve labor organization to the full extent, raise the level of management and labor productivity, save all manpower and material resources that can be saved, and practice labor emulation and economic accounting. This will help in the gradual reduction of the production cost, and increase both individual income and collective accumulation."⁵

To give full play to profit as a yardstick of economic results, we must let the enterprises assume economic responsibility for their own profits and losses in production and management, so that the material benefits of the enterprises and the workers and staff members will be directly linked with the economic results of production and management. There will then be a joint responsibility for the state, the enterprises and the workers and staff members. Way back in 1942, Comrade Mao Zedong clearly pointed out: "All plants' ups and downs should be related to their profits."⁶ The increase or decrease of workers' fringe benefits should be decided by profits, which will then become an objective mechanism closely linking the material benefits of the enterprises and the workers and staff members together and serve as an economic driving force for the enterprises and their workers and staff members to raise their labor productivity. In consideration of the common interests of the state and their own, the enterprises and the workers and staff members will

make every effort to earn more profits in order to raise the material and cultural levels of all laborers, to develop socialist production and to contribute to the acceleration of the four modernizations.

FOOTNOTES

1. Marx, "Das Kapital," Vol 1, People's Publishing House, 1963 p 14.
2. Stalin, "Economic Problems of Socialism in the USSR," p 31.
3. "Collected Works of Marx and Engels," Vol 4, p 369.
4. "Selected Works of Marx and Engels," Vol 3, p 233.
5. Mao Zedong, "Experiences of Li Ziyuan Agricultural Producers' Cooperative, Zhenru District, in Saving Production Expenses" in "Socialist Upsurge in China's Countryside," Vol 2, p 768.
6. Mao Zedong, "Economic Problems and Financial Problems," Zhongyuan Xinhua Bookstore, 1949, p 82.

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CSO: 4006/306

ECONOMIC MANAGEMENT

GUIZHOU: SU GANG ON PROVINCE'S ECONOMIC SITUATION

HK310721 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 29 Mar 82

[Summary] A report meeting on economic situation was held yesterday afternoon in the Guiyang steelworks. Governor Su Gang attended the meeting and delivered a report on the province's economic situation. He cited lively and specific examples to show that since the 3d Plenary Session of the 11th CCP Central Committee, the economic situation in our province had taken a favorable turn year after year and that the livelihood of the people in the cities and rural areas had improved to some extent.

Comrade Su Gang said: Since the third plenary session, our party, on the basis of summing up the experiences gained and the lessons drawn from the economic construction since the founding of the PRC, has formulated the policy of "readjusting, restructuring, reorganizing and upgrading" and a series of other correct policies, thus fundamentally straightening out the guiding ideology. Great successes have been achieved in various work and the national economy has also got onto the right track of steady development. We have also made great efforts to readjust the economy in our province. Industrial and agricultural production has developed steadily. Calculated on the constant price in 1970 and taking 1978 as the base, the total value of industrial and agricultural output from 1979 to 1981 increased by 2.16 percent annually. Despite the fact that we were confronted with a lot of difficulties in industrial production during the period of readjustment and that our agriculture was hit by severe drought last year, we succeeded in achieving this growth rate. This was attained by the people throughout the province through arduous struggle. While developing production, the party and government also adopted a series of important measures to improve the livelihood of the people.

In conclusion Comrade Su Gang requested various localities, departments and units to conduct education on the economic situation among the staff and workers in the near future in the light of their specific conditions.

CSO: 4006/399

ECONOMIC MANAGEMENT

LIAONING DEALS WITH SERIOUS ECONOMIC CRIMES

SK251026 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 24 Mar 82

[Text] According to our sources, the procurators' offices throughout Shenyang Municipality, Liaoning Province, have placed a number of economic criminal cases on file for investigation and prosecution. Of these cases, eight persons who embezzled over 10,000 yuan have been ferreted out and arrested, including (Wang Duo), member of the sale and purchase section under the Shenyang Municipal Production Means Service Company, who has misappropriated 310,000 yuan of public funds since 1979 to perpetrate profiteering and speculation with local criminals and obtained illicit commissions and profits. In the name of the company, he also illegally purchased a large amount of state materials for criminal profiteers and speculators to seek bribes and commissions. He forged official documents and receipts and raised commodity prices arbitrarily to wantonly sow corruption. As a result, (Wang Duo) has earned over 15,000 yuan in illicit profits. He was arrested by the procurator's office in accordance with the law.

Ex-convicts, including (Wang Fenglin) and (Hu Chunqing), again organized a gang to perpetrate speculation by offering bribes. Since 1979 they have purchased waste corundums in a big way and resold them at a high price in other provinces. They have offered over 4,000 yuan of bribes to the director, deputy directors and staff of the conservation office under the No 1 Shenyang Municipal Emery Wheel Plant. They purchased over 2,000 tons of waste corundums from the plant and picked up 60 tons of goods which had been sold at high prices in other provinces inside Shanhaiguan, earning over 110,000 yuan in illegal profits. (Hu Chunqing) got a share of 60,000 yuan, and (Wang Fenglin) got a 30,000 yuan share. By placing the case on file for investigation and prosecution, the procurator's office of Sujiatun District, Shenyang Municipality, has arrested criminals (Wang Fenglin) and (Hu Chunqing) in accordance with the law and seized a large amount of money and goods.

The procurator's offices at municipal and district levels throughout Shenyang Municipality have earnestly implemented the policy of being lenient to those who confess their crimes and being severe with those who refuse to make confessions. They have dealt blows at the minority, strictly punishing chief criminals and accomplices to teach them a lesson and make them repent. They have also cooperated with departments concerned to draw lessons from crimes, to plug all loopholes and to enhance preventive measures, bringing about good results in controlling economic crimes.

CSO: 4006/399

ECONOMIC MANAGEMENT

JIANGXI: BAI DONGCAI URGES ECONOMIC RESULTS IN INDUSTRY

OW250901 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 24 Mar 82

[Text] Governor Bai Dongcai said at the Fourth Session of the Fifth Jiangxi Provincial People's Congress that it is necessary to have a correct guideline regarding industrial production and to work hard to achieve better economic results. He said: For a long time we have been accustomed to regarding increased output value as the main criterion in judging industrial production while paying less attention to economic efficiency. Industrial output value in our province over the past 32 years has shown an annual growth rate of 12.8 percent. This cannot be said to be very slow, but yet we have not attained the desired economic results. Summing up past experience, we can say that an important task is to have a correct guideline regarding industrial production and to shift from onesided pursuit of output value to full attention to economic efficiency. We must be good at manufacturing more goods to meet popular demand while using a minimum of labor force and a minimum amount of materials, thereby integrating economic growth rate with economic results.

Bai Dongcai continued: To improve our industry's economic efficiency, we must readjust our province's industrial structure and our industrial products mix to meet the needs of the general public. At present, special attention should be paid to developing production of selected and important industrial products for everyday use that represent established and famous brands. We must upgrade our industry, produce goods of well-known brands and keep improving our products so that they are of good quality, are cheaper and are sold quickly. By so doing, we will have whatever manufactured goods others have and will have more and better commodities than others, being able to learn from others if their goods are better than ours.

Bai Dongcai stressed: An important measure for raising economic efficiency is to consolidate enterprises. In line with the requirements set fourth by the party Central Committee and the State Council, we should fulfill this task within the next 2 to 3 years in a planned way and step by step. Among the 141 backbone enterprises in our province that have a great impact on the national economy, 51 should be consolidated first this year. By consolidating these enterprises, their economic efficiency will rise quickly. Meanwhile, we should improve the leading bodies of the enterprises and readjust them in accordance with the requirements for members of leading bodies: they must be revolutionary, young in age, educated and be professionally competent. The system that

requires a factory head to be responsible for the factory's operation under the party committee leadership and requires the establishment of workers congresses at factories and mines must be put into force. The various forms of economic responsibility should also be established so as to strengthen management and perfect the fundamental operation of enterprises.

Bai Dongcai concluded: Technical reform of enterprises is a great change of strategic significance, a change from relying mainly on the assistance of other localities to relying mainly on our own efforts, a change from a broadly but loosely organized management to an intensive form of management. It is also an important measure for raising our economic efficiency. Investment funds earmarked for this year should be used to upgrade the equipment of those departments that are capable of achieving quick results and raising their economic efficiency but require less investment. These funds should also be used to carry out technical reform in these departments.

CSO: 4006/399

ECONOMIC MANAGEMENT

GUANGXI PAPER DISCUSSES REGIONAL ECONOMIC POLICY

HK090405 Nanning Guangxi Regional Service in Mandarin 1100 GMT 8 Apr 82

[Report on 8 April GUANGXI RIBAO editorial board article: "Consolidate One Foundation, Grasp Two Big Pillars, and Bring Eight Superior Features Into Play"]

[Excerpts] In January the regional government proposed the construction tasks of consolidating one foundation--grain--getting a tight grasp of two big pillars--sugar and hydroelectricity--and bringing eight superior features into play--sugar, hydroelectricity, nonferrous metals, building materials, indigenous products, forestry, the use of foreign investment and foreign trade, and tourism. This scheme was adopted by the Fourth Session of the Fifth Regional People's Congress.

The article says: In recent years our region has done a lot of work to implement the strategic policy decision of the Third Plenary Session on shifting the work focus and explore the speeding up of development of the national economy. At the start, the regional CCP committee and people's government concentrated everyone's views and proposed bringing six superior points into full play. These were sugar, hydroelectricity, nonferrous metals, forestry and indigenous products, building materials, and foreign trade and tourism. Afterwards forestry and indigenous products were separated and foreign trade and the use of foreign investment were separated from tourism, thus becoming eight superior features. Last September it was proposed to take sugar and hydroelectricity as the two big pillars of the economy, and today's formula was proposed in November: consolidate one foundation, grasp two big pillars, and bring eight superior features into play.

The article says: There are two notable characteristics of this construction task. One is that development of grain production is regarded as the foundation of bringing the eight superior features into play. The other is that sugar and hydroelectricity are regarded as the pillars of bringing the eight superior features into play. In carrying out this construction task, we must pay full attention to developing one foundation and two big pillars.

Grain is regarded as the foundation of bringing the eight superior features into play because grain is the foundation of entire national economic development. It is very closely related to bringing the eight superior features into play. Only if grain production develops can people eat and promote economic

construction, and can the eight superior features be brought into play. At present, the level of grain production in Guangxi is not high. Our grain production is not yet up to standard. In accordance with the demand of the central authorities that Guangxi should be self-sufficient in grain, solving the region's grain problem basically depends on our own efforts. The cropping arrangements in Guangxi are now basically rational, as a result of several years of readjustment. The existing grain area, especially that of rice, cannot be reduced any more. We must further implement the rural policies, perfect the production responsibility systems, and bring people's enthusiasm into play. On the basis of maintaining the existing sown area, we must promote scientific cultivation and improve the yields of grain and industrial crops.

Sugar is one of the eight superior features. However, compared with the other seven, there are many existing favorable conditions for developing sugar production. Guangxi is one of China's main sugar cane areas. Apart from Taiwan Province, we are second only to Guangdong. The masses have ample cultivation experience, the research departments have developed some fine strains, and we have a certain capacity for processing sugar cane. By putting sugar production in a priority position we can make full use of existing favorable conditions and get good results and economic returns from low investment.

Developing hydroelectricity and solving the energy problem is a strategic task. Guangxi has abundant hydroelectric resources. Some 16 million kilowatts of power could be produced by exploiting these resources, and 76 billion kw·h could be generated annually. The State Council has now agreed to regard exploiting the Hongshui River as a strategic measure for solving the energy problem in South China, and has put this project in the Sixth 5-Year Plan. Exploitation work will be carried out in a planned and measured way. Considering the matter from the angle of the overall situation and from the long-term plans for developing the region's national economy, although the investment required for developing hydroelectricity is rather large and the construction cycle rather long, the moment this strategic problem is solved the all-round development of the region's national economy will be stimulated, and our contributions to the state will increase still more.

We are not saying that the other superior features need not be grasped, nor can we wait until the two big pillars are developed before developing the others. In particular, Guangxi has a relatively complete range and abundant reserves of nonferrous metals; the region ranks first in the country in tin, second in antimony, third in zinc, and fourth in tungsten and bauxite. While concentrating on promoting the two big pillars, we must act according to our capacity and actively develop the other superior features, to make all eight stimulate each other to develop together.

ECONOMIC MANAGEMENT

SHAANXI HOLDS RALLY ON FIGHTING ECONOMIC CRIMES

HK061151 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 6 Apr 82

[Summary] Yesterday afternoon, the Propaganda Department of the Shaanxi Provincial CCP Committee held a mobilization rally of the propaganda system at the provincial level to penetratingly carry out the activities of striking blows at economic crimes.

"Provincial CCP committee secretary Yan Kelun spoke at the rally. Demanding that people who have committed this or that economic crime clearly understand the situation, wake up early and, before 1 May, surrender themselves to public security organs, thoroughly confess their mistakes and accuse and expose other criminals in order that they can be dealt with leniently. Otherwise, they will be regarded as continuing to commit crimes and will be strictly and severely punished in accordance with the new law.

"In his speech, Comrade Yan Kelun said: Judging from the situation of initial investigation and handling of cases in all places throughout the province, economic criminal activities are rampant. He pointed out: Economic criminal cases have the following characteristics: 1) The cases have involved enormous sums of money; 2) the number of people both inside and outside organs who have committed economic crimes in collusion with each other is large; 3) many people have engaged in embezzlement; 4) many people have committed economic crimes in groups and gangs; 5) many criminals have had support from upper levels; 6) many have carried out criminal activities under lawful pretexts; 7) many evil elements of Lin Biao and the gang of four, people who were sentenced to reeducation through labor and were later released and hoodlums have committed crimes. This situation shows the seriousness, harm and danger of the current criminal activities in the economic sphere."

Yan Kelun said that in the last few years, the number of cases of thefts of cultural relics in the province had been on the increase. Some cultural relics have been stolen and exported. As a result, the state has incurred serious political and economic losses. Leaders of some cultural relics management units have been slack and weak. There are many loopholes in the system and criminals can use these loopholes. Therefore, we must seriously absorb experiences and lessons, strengthen ideological and political work, improve regulations and systems and stop up the loopholes. Those cultural relics management personnel who have caused state cultural relics to be damaged or

must due to neglect and dereliction of duties must be investigated and dealt with and the criminals who have committed graft and theft, smuggled cultural relics and stolen and exported cultural relics must be resolutely, severely and quickly punished in accordance with the law.

In striking blows at the economic criminal activities in the whole province, Yan Xulun put forth the following five points:

1. It is essential to continue to study the documents of the central authorities and the province on striking blows at the economic criminal activities and to further deepen our understanding.

2. It is necessary to deal with the key cases at all levels. In these key cases, we must lay stress on grasping the economic criminal cases which involve leading cadres at all levels.

3. We must teach and mobilize the masses to strictly act in accordance with the policies.

4. We must persist in investigation and study, verify the facts and not obtain confessions by force and then regard them as true. Those who surrender themselves to public security organs, voluntarily return ill-gotten gains and truly confess their mistakes must be leniently dealt with in accordance with the policies.

5. CCP committees at all levels must regard this struggle as one of the central tasks for this year and seriously grasp it to the end.

Provincial CCP committee deputy secretary (Bai Wenhua) presided over the rally. Over 400 people attended the rally, including leading members of all units of the propaganda system at the provincial level, responsible comrades of the discipline inspection committees of the CCP committees of organs, all comrades who are attending the provincial conference on cultural relics and responsible comrades of all departments, committees, offices and bureaus at the provincial level and propaganda units in Xian Municipality.

ECONOMIC MANAGEMENT

QINGHAI STEPS UP STRUGGLE AGAINST ECONOMIC CRIMES

SK070735 Xining Qinghai Provincial Service in Mandarin 1100 GMT 6 Apr 82

[Text] According to our sources, at the end of March the Qinghai Provincial Industrial and Commercial Administrative Bureau sponsored a forum in Xining Municipality to discuss ways to block current smuggling, trafficking in contraband goods and speculation and profiteering. The forum urged departments concerned to punish resolutely and strictly economic criminals.

At the forum, participants contended that over the past 3 years the industrial and commercial administrative departments at all levels had scored certain achievements in focusing on dealing blows at economic crimes such as smuggling, trafficking in contraband goods and speculation and profiteering. The province has punished or imposed fines on a large number of criminals who have engaged in speculation and profiteering and has amassed 1.44 million yuan from confiscating illegal earnings and imposing fines on convicts. As of now, the province has cracked down on 12 serious cases, each of them involving over 10,000 yuan of embezzled money.

However, current crimes such as smuggling, trafficking in contraband goods and speculation and profiteering still are serious. Most convicts illegally trafficked in gold, silver, musk and Chinese caterpillar fungus. In particular, some state organs, enterprises, establishments and units and collectively owned economic units have taken part in smuggling, illegally purchasing foreign currency and speculation and profiteering. A few CCP members and state cadres also commit crimes in collaboration with social criminal elements.

At the forum, participants noted: In dealing blows at smuggling, trafficking in contraband goods and speculation and profiteering, special attention should be paid to cracking down on cases which occur in state organs, enterprises, establishments and units. No matter who and what unit is involved, cases should be thoroughly investigated and dealt with. The participating comrades stressed: In purifying the ranks of staff and workers, industrial and commercial administrative departments at all levels should enhance ideological education among staff and workers and professional training work so as to meet the needs of their work. In addition, cadres in charge of industrial and commercial administration should be upright, never stoop to flattery and be law-abiding. Under no circumstance should they seek private gain by violating the law or connive at and shield criminals. All deeds and persons violating the law must be strictly dealt with.

CSO: 4006/399

ECONOMIC MANAGEMENT

HENAN RADIO ON PUBLICIZING ECONOMIC SITUATION

HK050609 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 4 Apr 82

[Station commentary; "Get a Good Grasp of Education in the Economic Situation"]

[Excerpts] In accordance with the instructions of the Central Committee and State Council, the provincial CCP committee and government have decided to carry out propaganda and education in the economic situation in the urban areas throughout the province during April and May. This is another major measure for building socialist spiritual civilization, following the civility and courtesy month.

The key to doing a good job in propaganda and education concerning the economic situation lies in having the party committees at all levels attach importance to the work and the whole party carry out ideological and political work. The party and government leading cadres at all levels must, in connection with the reality of their own department or unit, apply methods such as calculation and contrast to report to the masses on the economic situation and vigorously publicize the excellent situation and bright prospects in the national economy in the whole country and whole province. They should also tell the truth about the existing problems and difficulties, and publicize the importance of readjusting and restructuring the national economy.

Conducting propaganda and education in the economic situation is arduous and meticulous ideological work. The work must be done in a sound way, and we must avoid rushing headlong into mass action. It must be carried out in a planned and measured way.

CSO: 4006/399

ECONOMIC MANAGEMENT

IMPORTANCE OF ECONOMIC ACCOUNTING IN COMMERCE STRESSED

Beijing SHIXING JINGJI GAIGE, JIANQUAN JINGJI HESUAN ZHI [CARRYING OUT ECONOMIC RESTRUCTURING, STRENGTHENING ECONOMIC ACCOUNTING SYSTEM] in Chinese 1980 pp 204-214

[Article by Bai Zongyao [4101 0112 1031], Jia Lurang [6328 1462 6245] and Tang Lunhui [0781 0243 1920]: "Economic Accounting for Socialist Commercial Enterprises"]

[Text] Is economic accounting necessary for socialist commerce? This is an important question as to whether socialist commerce can be effectively run. Some systems and methods of control in economic management in commerce in our country at present are unfavorable to economic accounting or even run directly counter to the requirements of economic accounting, resulting in the fairly prevalent tendency toward the system of rationing or "eating from the same pot." To meet the requirements of the general task in the new period, economic accounting must be strengthened in socialist commerce in order to better serve the four modernizations. In this article, we will try to present some superficial views on several problems in economic accounting for socialist commerce, and we hope our comrades will comment on them.

I.

Economic accounting is an important question in socialist economic activities. However, the different interpretations of economic accounting have produced serious adverse effects. In discussing economic accounting for socialist commerce, therefore, we must have a preliminary knowledge of the essence of socialist economic accounting.

What is economic accounting? There are basically two different views on this question. One is that it is a method of checking on economic results, or of recording transactions or keeping accounts, while the other is that economic accounting has to do with economic relations. We agree with the latter view.

Checking or keeping accounts and economic accounting are two different concepts. Ever since the beginning of human society, the calculation of labor consumption and the comparison of economic results have been practiced in varying degrees wherever there has been a process of labor. These calculations are required in such a process because it serves the production and circulation

of material supplies. Along with the development of social production, the work of calculation gradually developed into a component part of the social division of labor. Therefore, calculation, meaning the recording of transactions and the keeping of accounts, is a tool serving production.

Economic accounting is something else. It belongs to a special economic category under the socialist system, and is formed of the bonds of economic interests on the foundation of socialist public ownership. Its aim is to improve the economic results in production and the economic relations regarding rights and duties among people. These economic relations are specifically manifested as independent management and responsibility for profits and losses by the economic accounting units. These units should offset their expenditures with their revenues and still gain some profits, and they must be responsible to the society for their performance. In short, the economic accounting relations are a specific manifestation of the relationship regarding the rights, responsibilities and interests among the state, the enterprise and the individual. It is true that the recording of transactions and the keeping of accounts are a necessary tool in the practice of economic accounting. However, an economic tool cannot in any sense be equated with economic relations. In fact, wherever there are economic activities, the recording of transactions and the keeping of accounts are necessary, even in places where the system of rationing is in force. Therefore, the interpretation of the use of economic accounting as a means of recording transactions and keeping accounts may lead to a misinterpretation of the objective economic relations, in which case, the problem of rationing and "eating from the same pot" cannot be satisfactorily solved.

The economic relationship regarding the rights, responsibilities and interests among the state, the enterprise and the individual, reflected by economic accounting, is an objective entity which is independent of people's subjective will. However, the forms of its expression in different sectors of the economy have their own characteristics. Economic accounting for socialist commerce is part of the socialist economic accounting. Like that for industry, agriculture, communications and transportation, it reflects the economic relationship regarding the rights, responsibilities and interests. However, socialist commerce is a special type of business activity in organizing commodity circulation. This activity gives commercial economic accounting its own special characteristics. We must pay attention to these characteristics in order to carry out commercial economic accounting well.

First, decisionmaking power in management is the basic prerequisite for commercial economic accounting. Commerce is the intermediate link between production and consumption in the process of social reproduction. The main task for commercial activities is to help the producers realize the value of their products and to satisfy the material needs of the consumers through purchasing and marketing. Therefore, socialist commerce must have certain decisionmaking power under unified state leadership and be highly flexible in order to practice economic accounting. Unified state leadership means the enforcement of a unified plan, unified principle and unified policy for the total volume of commodities in circulation, for the level of commodity prices, and for the amounts of procurement and supply of certain important

commodities with a bearing on the national economy and people's livelihood, so as to promote the proportionate development of the national economy. At the same time, the commercial enterprises should have sufficient leeway for independent management. They have to deal with tens of thousands of producers and hundreds of millions of consumers, and to deal in thousands and tens of thousands of commodities. If they do not enjoy sufficient independence and flexibility in their purchasing and marketing, they cannot be active in business and will not be able to meet the many and varied requirements of industrial and agricultural production and the people's constantly changing living conditions. Then these enterprises will fail in their tasks. That is why the key to economic accounting among commercial enterprises lies in their independent management, particularly their independent purchasing and marketing.

Second, the main economic responsibility of commercial enterprises is to organize commodity circulation with greater, faster, better and more economic results. Commercial labor is nonproductive labor, because it does not create any new value. The work of commercial workers connected with the process of circulation, such as transportation, storage and selection of commodities and setting them in order, which are a continuation of the processes of production, creates value only in the sense that it adds to the price of commodities instead of increasing any use value. Therefore, the labor among commercial enterprises should be saved as much as possible, so that circulation expenses can be kept to a minimum. All savings come from the reduction of labor time. There is an inverse ratio between the time required for social reproduction and the circulation time, so the shorter the circulation time, the longer will be the time available for production. Marx said: "The quicker the sale is effected, the more smoothly runs the process of reproduction." ("Collected Works of Marx and Engels," Vol 24, p 155) Similarly, the greater the enthusiasm of commercial workers, the higher will be their labor productivity, and the quicker will be the sales; otherwise the commodities will be overstocked and the circulation will stagnate. This will not only bring difficulties to social reproduction but also cause great waste of social manpower and materials. Therefore, the saving of circulation time is a glorious task for all commercial workers and staff members.

Third, the disparity between the buying and the selling price is the foundation of the system of economic accounting in socialist commerce. In the course of realizing the value of commodities, certain amounts of materialized labor and live labor have to be expended in commerce, and this expenditure can only be compensated from the disparity between the buying and the selling prices. The taxes paid and the profits handed over to the state also come from the same source. This price disparity is the main source of income for commercial enterprises. The economic interests of the state, the enterprises and the workers and staff members are also specifically and clearly manifested in the distribution of the proceeds from this disparity. Without a rational price disparity for commodities, economic accounting in commerce will be difficult. If the selling price is lower, or the same as, the buying price, or if the proceeds from this price disparity are insufficient to cover the commercial expenditures, the commercial labor will not be compensated, and commercial activities will be unprofitable or may even be suspended.

Therefore, there must be a reasonable price disparity before the economic interests of the state, the enterprises and the workers and staff members can be guaranteed, and before economic accounting can be carried out.

II.

Economic accounting in socialist commerce, although an objective necessity under the system of socialist public ownership, does not play its role spontaneously or automatically. There are many factors in the present economic life obstructing the adoption of economic accounting in commerce. The main problems, in our opinion, are as follows:

1. In the relationship between the state and the enterprise, centralization is one-sidedly stressed, while the relative independence of the enterprise is neglected. In the economic activities of socialist commerce, the substitution of party for government, and of government for enterprise have become commonplace. For example, the system of combining government and enterprises was adopted in the state commercial sector in 1958 and in 1970. Commercial organs were set up according to administrative levels, and commodities were circulated according to administrative zones. In many provinces, prefectures, counties and municipalities, such organs were often overlapping. According to the system of unified purchase and marketing of industrial products for daily use, the commercial enterprises had to "purchase whatever was produced and in any quantity." This system operated under the coercion of administrative order. Thus the commercial enterprises could only carry out their economic activities at the bidding of the administrative measures, instead of economic laws.

The centralized leadership of the state and the relative independence of the commercial enterprises are mutually supplementary. If commercial activities are carried out totally at administrative bidding, it means the abolition of commerce. Under conditions of socialist or commodity economy, the abolition, or any weakening, of commerce may bring incalculable damage to the entire social economy.

2. The present financial system of the state is unfavorable for the development of commodity circulation or of economic accounting.

The state's financial system reflects the relationship between the state and the enterprises, and has a direct bearing on economic accounting in the enterprises. Generally speaking, a correct financial system of the state can promote the development of production and circulation, and strengthen economic accounting. Conversely, an incorrect financial system can obstruct the development of social production and circulation, and weaken or even destroy the system of economic accounting.

According to the present financial system of unified receipts and expenditures, the state allocates the funds required by the enterprise; the total profits of the enterprise have to be handed over to the state; the enterprise's expenditures are paid out of state allocations; and all the losses will be subsidized or accounted for by the state. When all revenues are handed over

to the state, then all expenses are paid by the state, and making a profit or incurring a loss, efficiency or inefficiency, make no difference at all; there is no direct link between the economic benefits of the enterprise and that of the workers and staff members. As a result, economic accounting for the commercial enterprise exists in name only.

The state finance plans for commerce are not based on the financial plans of the commercial enterprises, and are divorced from the realities of commodity circulation in the enterprises. Thus the state's financial budget for commerce cannot be consistent with the business conditions of the commercial enterprises. Some commercial enterprises may be doing good business but are given only small profit quotas which they can fulfill without any effort. Such quotas will not induce the enterprises to be meticulous in calculations and strict in budgeting, or to operate industriously and frugally. Some commercial enterprises' business may not be good, and their planned tasks cannot be completed despite their maximum efforts. In this case, these enterprises may consider further efforts futile. As we all know, commodity circulation is also accompanied by monetary circulation. The financial plans of commercial enterprises must be based on and must serve the plans of commodity circulation, but not the other way around. If the financial plans of the commercial enterprise are superseded by the state's financial plans, the enterprises' finance will not be able to play a supportive or supervisory role regarding business operation. This may lead to chaotic management in the enterprises.

3. Relationships among enterprises not based on exchange at equal values are disadvantageous to the clarification of their economic responsibilities.

Exchange at equal values is one of the basic principles in commodity economy. Commercial enterprises have to bear losses in the form of subsidies implementing certain policies. This is contrary to the laws of economic activity. In the case of subsidies, for instance, industrial losses have to be subsidized by commerce. Such subsidies are required even in the case of industrial profits. The power for laundry production, for example, has been subsidized by the commercial departments for 15 years. In 1978, there was an industrial profit of 9 million yuan, but the commercial departments had to continue the subsidy and incurred a loss of 37 million yuan. Commercial subsidies for producers of commodities can only be a temporary expedient, and the amounts involved should be small. Subsidies in large amounts and over a long period are essentially a form of equalitarianism and arbitrary requisition instead of subsidies. Worse still, some enterprises, taking advantage of administrative authorities or certain special conditions, have shifted their expenses to the commercial departments. Among the enterprises under the system of ownership by the whole people, the practice of one using the materials or labor of another without paying for them are harmful to both production and circulation.

Under the socialist system, the principle of exchange at equal values must be implemented in dealings between industry and agriculture, between state-owned and collectively owned enterprises, and even among the enterprises owned by the whole people. In dealing with the state, the enterprises owned

by the whole people may have only relative independence; in dealing with one another, however, they must be considered as entirely independent commodity producers or commodity dealers. If any commercial department becomes a financial department without financial power, and anybody can ask it for subsidies or use its labor without payment, it will mean the abolition of economic accounting in commerce.

4. Irrational buying and selling prices of commodities add to the economic burden of commercial enterprises.

The buying and selling prices of many commodities have deviated from the principle of exchange at equal values. "If industry makes a profit, commerce will make a slight profit; if industry makes only a slight profit, commerce will neither gain nor lose anything; if industry gains nor loses anything, commerce has to incur a loss; if industry incurs a loss, commerce has to subsidize it." This method is disadvantageous to the promotion of production or the development of commerce. The value of commodities is created by the industrial sector. If the production departments cannot create any new value, even reduction of the price disparity between the buying and the selling prices cannot add to value of commodities. As we have said, all commercial economic activities are closely related to the disparity between the buying and selling prices of commodities. At present, the prices of some commodities are generally set to benefit only one party, regardless of the requirements of commercial economic activities. For example, the wholesale prices of chemical fertilizers and insecticides have remained unchanged, or little changed, for many years, while the retail prices have been reduced time and again. In 1978 alone, the commercial sector suffered a loss of more than 400 million yuan. Under the socialist system, out of regard for the entire national economy, it may be reasonable for the prices of a small number of commodities to be much higher or lower than their value. However, we must at the same time think of the departments to be credited with the profits or charged with the losses resulting from the price changes. The commercial departments are now incurring great losses as a result of policy implementation. This is a heavy burden for commerce in practicing economic accounting. It is unreasonable.

In short, the main causes adversely affecting the practice of economic accounting in socialist commerce are the problems of substituting government for enterprises, unified receipts and expenditures, exchange at unequal value and irrational pricing. These problems are the concrete expression of irrational pricing. These problems are the concrete expression of irrational economic relations, and if not solved they will be harmful to economic accounting as well as to the development of the entire national economy.

III.

Now that our country is on a new long march toward the goal of the four modernizations, there will be a very great development in industrial and agricultural production along with a corresponding development in commerce. Efficient commercial work will help speed up industrial and agricultural progress; and to develop commerce, commercial economic accounting must be properly carried

out. To accomplish this, we must correctly handle the economic relations between the commercial enterprises and the state, between these enterprises and the industrial and agricultural enterprises, between different commercial enterprises, and among all people within an enterprise, all based on the objective requirements of economic accounting. According to the system of economic accounting in socialist commerce, the commercial enterprises should be designated as the basic accounting units. They must be under a unified leadership, operate independently, offset their expenditures with their revenues, assume responsibility for profits and losses, and have a system of reward and punishment according to merits or shortcomings. At present, we are of the opinion that the following problems should be carefully solved:

1. The basic accounting units should be properly designated and the practice of enterprises being superseded by the government should be rectified.

The basic accounting units are the basic links in the practice of economic accounting. The setting up of basic accounting units should be based on the objective needs of production and circulation. In the peoples commune collective ownership system, production teams or production brigades, or sometimes even communes are designated as the basic accounting units. The designation of these units should depend on the conditions of production and its development instead of on subjective wishes. The same is true of the internal structure of the system of ownership by the whole people. The commercial departments should designate their own basic accounting units according to the characteristics and requirements of business operation for different commodities. On the basis of investigation and study, the stores, basic-level supply and marketing cooperatives, the procurement and supply stations, and the special companies can also be designated as our basic commercial accounting units. After their designation, the economic relations of integrated economic organizations of different trades or systems should be correctly defined. For example, at one time the whole national system of supply and marketing cooperatives practiced the economic accounting system of "unified planning, unified management, accounting at different levels--each level being responsible for its own profits and losses--and regulation of funds," which correctly handled the economic relations between the basic-level and the higher level cooperations. It not only aroused the enthusiasm and initiative of the organizations at all levels, including the basic level, but also embodied the superiority of the socialist society of mutual assistance and common progress. The experiences of economic accounting in the supply and marketing cooperatives should be carefully studied.

The economic activities of enterprises constitute the relations or connecting links established among people through labor in the course of production and circulation. These activities are regulated by objective economic laws. Administrative control means the use of administrative power to force people to do, or to refrain from doing, something in their economic activities. Purely administrative control may easily mislead an enterprise into working against the requirements of production and circulation while carrying out its economic activities. Therefore, the practice of enterprises being superseded by the government must be rectified. The main duties of administrative

departments at all levels, including the departments in charge of commerce, are to guide and supervise the implementation of state plans, principles and policies; to regulate the economic relations between different enterprises; to adjust the relationships among the workers and staff members within an enterprise; and so forth. They must give the enterprises a free hand in handling their own business affairs.

2. The decision-making power of enterprises should be expanded.

The enterprises practicing economic accounting must offset their expenditures with their revenues and assume the responsibility for profits and losses in order to contribute to state accumulation. In other words, the enterprises must have certain responsibility for their own profits and losses. If they have to assume certain responsibility, they must also be given some rights. Rights and responsibilities should go hand in hand, and an enterprise cannot be well run if it has only the responsibilities but not the rights. The circulation of commodities in a socialist society is mainly undertaken by socialist commercial enterprises. Based on the actual conditions in various localities, the commercial enterprises must use their own initiative in actively promoting procurement and marketing in order to enliven urban and rural economy and to bring prosperity to the socialist market. That is why the expansion of decision-making power for commercial enterprises is also an objective necessity in commodity circulation.

After all, decision-making power for socialist commercial enterprises raises the question of the scope of their power in purchasing and marketing and in the use of manpower and financial and material resources. We hold that commercial enterprises have the following powers:

(1) The power of independent commercial management. Guided by state planning, commercial enterprises should have the power to work out procurement and marketing plans based on the scope of their own business operation and the market conditions; to freely choose the commodities to be purchased; and to take various measures for purchasing, marketing, transferring and storing. According to the actual conditions in our country at present, the state should stipulate in its plans the varieties, quantities and prices of the main commodities related to the national economy and people's livelihood. This is a necessity. However, not too many commodities should be controlled under state plans, or the control will become too rigid and the enterprises will be deprived of their decision-making power. Aside from the main commodities related to the national economy and people's livelihood, transactions involving the other commodities and the quantities and prices of these commodities should, as a matter of principle, be decided by the production and marketing parties concerned after discussion.

(2) A certain amount of financial power. During the discussions on the economic restructuring now going on, it has been proposed that the circulating funds for state-run enterprises be provided totally in the form of loans, and the fixed capital used should be reimbursable. This is an important measure in economic restructuring. However, the method of controlling commercial funds should be based on the characteristics of business operation.

In addition to buying and selling, socialist commercial enterprises are also responsible for setting the market in order and for keeping a reserve supply of commodities to keep the market constantly supplied. Agricultural products in particular must be procured at the right season and put on the market in large amounts. Moreover, since these products cannot be transferred out all at once after procurement, large amounts of money have to be tied up for a long time. At present, many agricultural products are in short supply, and the state has adopted policies to encourage their procurement. Apart from them, some commodities are produced throughout the year but are supplied on a seasonal basis. Therefore, the question of the amount of funds to be kept for commerce deserves very careful study. Furthermore, the funds owned by the supply and marketing cooperatives belong to the cooperative personnel in the capacity of shareholders and have been accumulated through their painstaking efforts over many years. The abrupt abolition of these funds would dampen the enthusiasm of the cadres and workers for improving their management. Therefore, we hold that commercial enterprises should be permitted to keep a certain amount of their own funds to be used at their own discretion in accordance with the current conditions. Furthermore, along with the continued development of commodity circulation, profits for the enterprises will also continue to increase. For long-range planning, the commercial enterprises should be permitted to use part of the retained profits to increase their own circulating funds, so that they can reduce the payment of interest. This method will help arouse the enthusiasm of enterprises as well as workers and staff members. In addition, the enterprises should have decision-making power in the use of fixed asset depreciation funds and retained profits as collective welfare and bonus funds.

(3) Certain power over personnel matters. Enterprises should have certain decision-making power regarding the employment, disposition, promotion or demotion, and reward or punishment of their personnel; while the administrative departments or the leading organs at the higher levels should not transfer workers out or arbitrarily install unwanted personnel in the enterprises.

3. The leadership should bear certain economic responsibility.

The independence and unity of commercial enterprises are closely related under the socialist system. One serious defect in the present system of economic management is that the leading organs do not bear any economic responsibility. To solve this problem, we should stress on the one hand the need for the commercial enterprises to carry out their own economic activities under the state's unified plans and unified leadership, and, on the other hand, the need for the leading organs to bear certain economic responsibility. In this way, all losses incurred as a result of carrying out state policies or the decision of the higher organs should be fully compensated by the leading organs concerned, and the organ that has made the wrong decisions should bear the responsibility. This is one of the necessary economic conditions for strengthening economic accounting among socialist commercial enterprises, as well as a powerful measure to induce the leading organs to

maintain close contact with reality so that they can properly direct the economic activities of the enterprises.

4. The material benefits of the workers and staff members of a commercial enterprise should be related to the enterprise's business results. The greater the profits of an enterprise, the greater should be the portion it retains. Thus the enterprise will have more funds to expand the circulation of commodities and to improve the material welfare of its workers and staff members. This is an important means to arouse the enthusiasm of the enterprise and its workers and staff members. At present, the wages of commercial workers and staff members are paid out of the expenses for commodity circulation. The amount of bonus should be related to the amount of profits and the level of expenses. The remuneration of commercial workers and staff members can be based partly on time wages (or piecework wages) and partly on bonuses. To overcome the defects of egalitarianism and the lack of attention to the workers' routine work before deciding on the payment of bonuses, part of the bonuses can probably be paid by the method of calculating workpoints on the basis of work done. The work is evaluated and workpoints recorded on the basis of the worker's usual attitude toward work, quality of service, rate of attendance and job performance. By the end of the year, when the enterprise's profits have been determined, the individual will get his bonus on the basis of his workpoints. Part of the bonus may be paid in advance at the end of each month or season, but the amount paid in advance must not exceed that permitted by the anticipated year-end bonus. The broad masses of workers and staff members must show concern for the enterprise's economic accounting. If economic accounting has an extensive mass base, socialist commerce will be more effectively run.

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CSO: 4006/305

ECONOMIC MANAGEMENT

NEED TO COMBAT ECONOMIC CRIMES STRESSED

Beijing ZHONGGUO CAIMAO PAO in Chinese 20 Feb 82 p 1

[Editorial: "A Serious Struggle Bearing on the Rise and Fall of the Party and State"]

[Text] Comrade Li Xiannian [2621 0341 1819] pointed out at the Spring Festival mass greeting this year: Economic crimes and important criminal cases must be sternly dealt with. This is an important matter bearing on the rise and fall of our party and state; action must be taken vigorously and rapidly and must be carried through to the end. In Haifeng County, Guangdong, cases of taking bribes and perverting the law have been cracked down on and sternly dealt with. These crimes committed by the anti-contraband personnel show how serious the criminal activities are in the economic sphere and that our party and state have made up their minds to crack down on the criminal activities in the economic sphere.

Striking ruthless blows at the criminal activities in the economic sphere is a serious class struggle. Smuggling, selling smuggled articles, being corrupt, accepting bribes, speculating, and stealing state property--these criminal activities not only cause serious economic losses to our country, damage the sovereignty of our country and undermine the social system of our country; they also seriously damage our party workstyle, the general mood of society and public security. To strike ruthless blows at these criminal activities will prevent the organism of our party and state from being corroded and prevent our cadres and the masses from being victimized. That is why the whole party and the whole nation rejoice over this struggle.

The important economic cases already prosecuted or being investigated have one characteristic in common: collaboration between the higher and lower levels, collusion between insiders and outsiders, more group activities, enormous amounts of money, and cunning tricks of committing crimes. In some cases leading cadres were involved. These leading cadres not only acted as umbrellas for criminals; they themselves were smugglers, sellers of smuggled articles, speculators, bribe-takers, and stealers of state property. Since they caused greater economic and political losses, these criminals should be caught and not let go and dealt ruthlessly.

It is noteworthy that some important economic cases are not dealt with sooner or cannot be dealt with. This obstruction often comes from certain leading departments. As the key to eliminating this obstruction, the leading departments must

fully understand that dealing with economic crimes according to law is of the utmost significance in insuring the socialist material civilization against being undermined, in rectifying the party workstyle and the general mood of society, in safeguarding public security and enhancing the prestige of the party. They should put the interests of the party, the interests of the state, and the interests of the people in the primary position, overcome all sorts of erroneous thinking, and make up their minds to exert themselves and do their duty in investigating and dealing with important criminal cases. To assume the opposite attitude, deal with important criminals perfunctorily and tolerate and abet evil are not permitted by party discipline and the law of the land.

Equality of all before the law should be stressed and on no account may the old-time practice of "not punishing senior officials (in feudal China)" be allowed. Those leading cadres who had rendered great service in the past, who had not been subdued by the enemy's military force in those years and had not been overpowered by the despotic power of the "gang of four" but who were hit by "sugar-coated bullets" and violated the criminal law, must be seriously investigated and dealt with, no matter how high their official posts. Serious cases where there is conclusive evidence must be dealt with sternly, severely and quickly according to law. During the "three-anti and five-anti" movements in the early days after the founding of the people's republic, Liu Qingshan [0491 7230 1472] and Zhang Zishan [1728 1311 6365] were sentenced to death on charges of taking huge bribes; moreover they were not pardoned because of their past service.

The determination of the Party Central Committee to rectify party workstyle and deal with important economic cases is firm and unshakable. The broad masses of party members, cadres and people strongly demand and earnestly expect this. Provided we rally around the Party Central Committee, rely on the masses, are realistic and practical, take sweeping action and carry the struggle through to the end, we shall certainly be able to win this struggle.

The finance and trade departments are in charge of financial and material resources, having extensive and close connections with all sides. Comrades of the finance and trade departments should all the more vigorously wage a resolute struggle against various economic criminal activities. At the same time, they should draw on lessons and raise their understanding through the handling of major economic cases, thereby overcoming various evil practices, managing affairs and finance properly for the people, and making greater contributions to serving industrial and agricultural production and the people's livelihood.

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ECONOMIC MANAGEMENT

SHEKOU'S STYLE OF HIGH-SPEED CONSTRUCTION OUTLINED

Guangzhou NANFANG RIBAO in Chinese 15 Feb 82 p 1

[Article by Jin Yiping [6855 0001 1627]: "How to Dive Into the Mysteries of High-Speed Construction in the Shekou Industrial Park--Five Points of Experience Summed Up by the Leading Body of the Industrial Park"]

[Text] The China Merchants Steamship Navigation Company has constructed the Shekou industrial park at a high speed. How did they do it? Recently the leading body of the industrial park has summed up five points of experience known as the "Shekou style."

The five points of experience are as follows:

1. Building infrastructure projects first, creating excellent conditions for investors' operation of their enterprises. Shekou was formally a tract of desolate sandbank. First, they exerted efforts and spent money to achieve the "five-opens and one-level" in a down-to-earth manner. After 2 years, the industrial park was opened to navigation, traffic, electric power, water supply, and telephone service last August, and 95 hectares of construction land were leveled and opened up, thus completing the first phase of infrastructure construction, creating prerequisites for running enterprises, and laying a solid foundation for construction in the industrial park in the future.
2. Following the economic laws and carrying out construction, operation and management with economic means and in scientific ways. When building projects, they dared to break with the malpractice of monopoly, invited tenders and signed contracts. As regards planning and construction policy, they dared to break with the "small-scale and all-round" approach, restricted construction of nonproductive facilities, and socialized the service undertakings. In operational policy, they dared to proceed from realities, and coordinated construction, operation and recovery. Last year they recouped HK\$20 million in capital. As regards the system of personnel management, they dared to break with the long-standing practice of "iron rice bowl" and "eating from the same big pot," tried out open recruitment and the system of contracting workers, restructured the wage system, and gradually shifted over to job wages. They changed the system of providing workers with low-rent housing through payment of subsidies, and put staff and workers' housing on a business basis.

3. Separating politics from the enterprise, delegating powers to the lower level, streamlining the administrative structure, blocking the "back door." They abolished the former administrative branches, sections and offices and set up the general office, chief engineer's office, chief accountant's office, and 13 specialized companies like real estate, labor service, and warehousing. In addition to providing 3 offices with a staff of about 30, the 13 specialized companies practiced independent business accounting, taking profits and losses as their own. Personnel were employed only for available jobs and talented persons were put to best use. This practice was carried right down to the grass-roots level. Operation and management of enterprises operated with joint capital or single foreign capital were decided by their board of directors and managers employed by the board. Managers have functions and powers and need not report all matters to the higher level and seek approval. This ensures high efficiency of personnel.

4. Honoring contracts, keeping words, and knowing how to apply funds and bank loans. They did everything to win preferential loans from international banks, and their financial departments always took promotion of production as their primary aim when transferring and allocating funds and accelerating the circulation of funds. Under conditions stipulated by state laws and decrees and the special (economic) zone's regulations, they dared to support and assisted those enterprises operated with joint capital or single capital in resolving difficulties encountered in the course of their operations, thus enabling these enterprises to complete construction, put their projects into operation, and make reasonable and legitimate profits as quickly as possible. Since its establishment the industrial park has never gone back on a single contract and has always maintained its creditability.

5. Combining the domestic and the foreign, bringing its superiority into play, developing what is useful and discarding what is not. They dared and knew how to utilize the rich manpower and land resources at home, the abundant funds and advanced technology of Hong Kong and foreign countries, and enthusiastically brought in foreign capital. They set up a development department in Hong Kong to maintain overseas connections. This has greatly facilitated business negotiations with foreign merchants and settlement of problems calling for immediate action.

The Shekou industrial park has brought in 24 projects operated with joint capital or single capital. Construction of most of these projects has started one after another. Last year four additional plants were completed and went into operation, and began to develop their business activities. A new multi-purpose industrial park with emphasis on industry has taken shape. They are determined to continue to apply these five points of experience and to launch the second phase of "five-open and one-level" engineering project. Many leading cadres and economists who visited the Shekou industrial park have affirmed their construction experience. Some called it the "Shekou style."

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ECONOMIC MANAGEMENT

BRIEFS

CRIMINAL ACTIVITIES STUDY CLASS--The fifth class for studying the resolution adopted by the NPC Standing Committee for severely punishing offenders who do great damage to the state economy, a class sponsored by the Jiangsu Provincial CCP Committee, ended on 24 March. Comrade Xu Jiatun delivered a speech at the closing ceremony. Comrade Xu Jiatun thoroughly discussed the question of how to crack down on economic criminal activities at present. He said: To strictly deal with the major or serious cases in the economic field is a struggle against corrosive influence of erroneous ideas. All sober-minded Marxists must not only fully understand the urgency of this struggle but its seriousness as well. Comrade Xu Jiatun also elaborated the important role of this struggle in relation to strengthening the party spirit, improving the party's workstyle and upholding the party discipline, and touched on the question of how to launch the struggle against economic crimes in Jiangsu Province. Speaking at the closing ceremony, a responsible member of the party branch urged each person attending the class to respond to the call of the party Central Committee to become a resolute, sober-minded and useful Marxist. [Text] [OW260409 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 25 Mar 82]

LA DADONG LECTURES--Sichuan Provincial CCP Committee Second Secretary and Governor Lu Dadong gave a lecture on the current economic situation at the Chengdu Seamless Steel Pipe Plant on 31 March. He cited hosts of facts and figures to illustrate the improvements in Sichuan's industrial and agricultural production and the rise in living standards in recent years. Lu Dadong noted: "Despite extremely serious floods last year, industrial output rose by 2 percent and agricultural production by 1.5 percent, setting new records. In the past 3 years, the province has spent 3.15 billion yuan on increasing workers' wages, paying bonuses, building housing, providing jobs for unemployed and increasing the prices of agricultural and sideline products. Both workers and peasants have benefited. Average worker annual wages are now 748 yuan. They have risen by 157 yuan in the past 3 years." Lu Dadong also cited facts and figures to illustrate the improved wages and living standards of the plant's workers. He urged them to work hard to increase production, practice strict economy, and improve economic returns, so as to further improve the people's living standards. [HK010359 Chengdu Sichuan Provincial Service in Mandarin 2360 GMT 31 Mar 82]

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MINERAL RESOURCES

PROPER CONTROL OVER GOLD, NONFERROUS METAL MINING

Guangzhou NANFANG RIBAO in Chinese 8 Feb 82 p 2

[From our correspondent Liang Hao [2733 3185] and Yu Kejia [0060 0344 1367]:
"Gold and Nonferrous Metal Mining and Management Must Be Strengthened"]

[Text] Gold is a very precious metal and nonferrous metals are valuable materials for the building up of national defense. It is understood that nearly 2,000 gold and nonferrous metal mining points are spread over our province. Since the founding of the people's republic, gold mines and small nonferrous metal mines have produced nearly 140,000 metric tons of nonferrous metals and 100,000 "liang" of gold, generating US\$1,650 million in foreign exchange for the state. But on our recent inspection tour of these mines we found that production and management of gold and nonferrous metal mining were chaotic. Incomplete figures from the department concerned indicate that the annual output of gold in our province is only one-third the need and annual output of lead only one-third the need while in the case of barium, bismuth, and antimony the gaps between production and need are even wider. What is more serious, some units and individuals, disregarding party discipline and the law of the land, have raised prices, rushed to purchase, smuggled and illegally trafficked in gold and nonferrous metals, thus seriously undermining the policy of state monopoly for gold and nonferrous metals. This state of affairs is manifested in four ways: 1) Illegally rushing to purchase in order to obtain exorbitant profits. For instance, the Baibuti Forestry Center Native Produce Company in Hua County, the warehouse of Shangping Commune in Lianping, and the Luhua Hotel illegally signed contracts with some nonferrous metal mines for purchasing 200 metric tons of tungsten, making a 700-yuan profit per metric ton. The state has confiscated 250,000 yuan of these profits. 2) Making metal articles in disguised forms to cheat the customhouse. For example, the fishing-net weights used by fishing boats were originally made of lead, but the Guangzhou Agricultural Machinery Import and Export Corporation unscrupulously utilized Tuanjie Brigade, Shijing Commune to make fishing-net weights of fine lead (99 percent content) and exported them under false pretenses. A number of speculators and smugglers in Shantou Prefecture flagrantly set up purchasing centers, rushed to purchase fine lead ore, and constructed smelting furnaces without authority to make tinfoil paper. As a result, state purchase of fine lead ore in the prefecture has dropped by 60 metric tons or so each year, thus seriously hindering fulfillment of state purchase plans. 3) Rushing to purchase at high prices, smuggling, and trafficking. According to an investigation by the relevant department, some smugglers have

rushed to purchase gold at a premium of 400 yuan per "liang" above the official purchase price in the producing centers with the result that our province has failed to fulfill this year's plan for gold sales to the state. 4) Reckless mining and excavating and destroying state natural resources. Violating mine control regulations, commune and brigade peasants have been found in our province recklessly mining and digging for metal resources in some 10 mining areas with the result that metal resources were destroyed and normal mining operations were hindered.

In our view, the above state of affairs is serious and the department concerned must take it seriously and take effective measures to stop it. State-operated mines or those run by the local people are owned by the state and mine resources are state property, and no unit or individual may encroach upon it or meddle. Still less are units or individuals allowed to mine and dig recklessly in mining areas. Even if rural commune and brigade members want to extract gold or other nonferrous metals, they must apply to the local nonferrous metals control stations (companies) and, only after their applications have been approved and mining permits received, can they mine at designated mining points. Gold and silver extracted should all be purchased by the bank according to state regulations, and other nonferrous metals should all be purchased by local nonferrous metals control stations (companies). Under no circumstances is it permitted to engage in long-distance trafficking or making sales in other counties. As for units and individuals who illegally rushed to purchase and engaged in smuggling activities, the cases must be sternly investigated and dealt with according to law; those who informed against offenders and assisted the authorities in tracking down smugglers and speculators should be commended or rewarded.

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INDUSTRY

HUNAN LEADER ON STRAIGHTENING OUT ENTERPRISES

HK220257 Changsha Hunan Provincial Service in Mandarin 1100 GMT 21 Mar 82

[Excerpts] Vice Governor Zhou Zheng announced at the provincial industry and communications work conference on 21 March: The general scheme for straightening out the province's industrial enterprises consists of making all-round plans, laying stress on the key points, combining experiences gained at points with work over areas, and doing the work in groups and batches. Beginning this year, about 3 years will be spent in all-round straightening out and building of the province's more than 3,000 state-owned industrial enterprises, so as to bring the potentials of the existing enterprises into full play and greatly improve economic returns.

Comrade Zhou Zheng said: The provincial authorities will grasp 30 enterprises as key points for straightening out this year. All prefectures and municipalities should also select a number of enterprises as pilot projects. The following work must be grasped well in all pilot project enterprises:

1. Do well in rectifying and building the leadership groups. It is necessary to strengthen their ideological building and solve the problems of lack of drive, weakness and laxness, and lack of boldness to tackle sinister and unhealthy trends. It is necessary to solve the problems of leading cadres in having incorrect party workstyle, using their power to pursue private interests, being divorced from the masses, and indulging in departmentalism and so on. We should as far as possible promote to managerial posts people who possess ability and integrity, are in the prime of life, are capable of organizing things, have college or secondary technical education levels and [words indistinct]. We must establish and put on a sound basis the factory manager responsibility system under party leadership and the workers' congress system, and build up a leadership system with strong party leadership core, good democratic management by the workers, and high work efficiency of the administrative and command system.

2. We must grasp the work of perfecting the economic responsibility systems as a major content of straightening out the enterprises. We must combine practicing these systems with strengthening planning controls. Whatever form of economic responsibility system is adopted, it is necessary to link the profit indices with the quality, variety, output, production costs, input consumption, safety, and supply contract indices, examine these indices in an all-round way, avoid simple pursuit of output value and profit by enterprises, and ensure the all-round fulfillment of state plans.

3. Straighten out the labor organization and institute training for all staff in a planned way.

Comrade Zhou Zhang demanded in his speech: It is necessary to dispatch investigation groups to stay at the first batch of pilot projects to help straighten out those enterprises. In straightening out the enterprises over a broader area, the current tasks to be tackled are building the leadership groups, tidying up labor, financial and economic discipline, and strengthening basic work in enterprise management, to create conditions for all-round straightening out in the future.

CSO: 4006/399

INDUSTRY

'JINGJI GUANLI' ON ECONOMIC RESPONSIBILITY SYSTEM

HK140947 Beijing JINGJI GUANLI in Chinese No 1, 15 Jan 82 pp 35-38

[Report by Economic Responsibility System Investigation Group of the Ministry of Textile Industry: "The Economic Responsibility System can Have Vitality Only When the Characteristics of the Trade Are Taken Into Consideration"--note passages within slantlines denote boldface type]

[Text] In July and August 1981, through the coordination of the ministry, we investigated and studied the situation of the economic responsibility system carried out in the textile industry in Hebei, Shandong, Tianjin and Shanghai. We had a strong feeling that no matter what form the economic responsibility system would take, a better economic result could be obtained when the achievement in labor and the economic interest were combined. However, this is only initially. We should proceed from the characteristics of the trade in order to score better results. Egalitarianism can be overcome only when the principle of distribution according to labor is implemented thoroughly. The economic responsibility system can have vitality only when we bring every positive factor into play.

Our modern textile industry has been in existence for nearly a century. Various kinds of management work have been rectified and reformed in accordance with socialist principles since liberation, thus laying a certain foundation for the internal economic system of the industry. The systems of wages according to position held and of piece rate wages, which suited the characteristics of the textile industry, were introduced. However, after the 1960's, particularly during the "great cultural revolution," these systems of distribution, which were suitable for the development of productivity, were suspended. The development in production was seriously hampered. In the 1950's people vied with each other in working as weavers and spinners in textile factories. But in the 1960's and 1970's, people did not want to work in such factories. They did not want to work on the front lines of production even when they did work in such factories. The system of equal distribution of bonuses implemented in many enterprises has gradually been replaced by the system of distributing bonuses in accordance with one's points since the 3d plenary session of the 11th CCP Central Committee. Various systems of piece rate wages have been introduced. Rectification of enterprises has been promoted and the quota system pushed forward. With the establishment and perfection of the system of keeping records and statistics, the enterprises began to have vitality. However, generally speaking, egalitarianism in distribution has not been resolved.

In the course of investigation, we analyzed the advantages and disadvantages of various economic responsibility systems implemented in the textile enterprises in Hebei, Shandong, Tianjin and Shanghai, which combine the achievements in labor with economic interest.

/1. Calculating bonuses by keeping a tally of points./ More than 50 percent of the workers in the enterprises whose work cannot be assessed by economic quotas such as the direct calculation of the quantity and quality of products work under this bonus system, which breaks up the economic quotas into minor ones to be used to assess the workers so that points can be given for the sake of bonus calculation. Linking up bonuses with economic responsibility remedies the shortcomings of the system of equal distribution of bonuses, under which advanced workers were not financially encouraged. However, the problem is that many workers who cannot clearly share the responsibility for the quotas have to work under the system of equal distribution of bonuses. They cannot benefit from the principle of getting more for laboring more. People said, "the first lines have definite quotas, the second have flexible ones, and the third have none." They also said, "It is difficult for those who work under definite quotas to get bonuses. It is easy for those who work under flexible quotas to get them. Those who work under no quotas definitely get them."

/2. Introduction of the piece rate system for small collectives that overfulfill their production quotas./ In the first half of 1981, the Shanghai Textile Bureau, hoping to overcome further egalitarianism, introduced the system of piece rate wages for small collectives which were working on the first assembly line and had overfulfilled their production quotas. It was also introduced for some enterprises in Shijiazhuang, Tianjin and Qingdao. Its major characteristic was to make assessment by production group. Assessment was made directly of individuals where practicable. Those who had fulfilled their quotas received their basic wages. New workers whose wages were set below the standard for their positions could get 10 to 15 percent more as an allowance. Those who had overfulfilled their quotas could get extra pay for the overfulfilled portions which were worked out by the piece rate system. A sum would be deducted from their basic wages for those who failed to fulfill their quotas. Distribution of regular production bonuses had been terminated since the introduction of the piece rate system to small collectives which had overfulfilled their production quotas. The Shanghai No 28 Textile Mill increased its weaving efficiency by 0.95 percent after the introduction of the new system. The wage costs for weaving every 100 meters of cloth from yarn dropped by 5 to 6 percent. From January to May 1981, the Shanghai No 30 Textile Mill experienced a cost drop of 0.89 percent after the introduction of the new system. The wage cost dropped by 2.3 percent. The new system was an improvement on the system of calculating bonuses by keeping a tally of points. However, there still existed a certain degree of egalitarianism within a small working group. Some comrades said that the new system was only a "quick short step."

/3. Introduction of the piece rate system for individuals who overfulfill their quotas./ The piece rate quota system could not be carried out since the senior and junior workers were not at the same wage point. Many enterprises, therefore, adopted the piece rate system. Workers on the front lines of production whose quotas could be directly assessed received their basic wages if

they had fulfilled their quotas. They received extra pay for their overfulfilled portions, which would be worked out by the system of wages according to position held. Those who failed to fulfill their quotas would have not more than 10 percent deducted from their basic wages. Now workers whose wages were set below the standard for their positions would receive make-up pay if they overfilled their quotas, normally about 3 to 8 yuan. Normal production bonuses would not be given to those who were working under the piece rate system. The Tianjin Woolen Mill had a great capacity for spinning, printing and dyeing, but had a poor capacity for weaving. Wool yarn was overstocked and only a small quantity was sent to be printed and dyed. After the introduction of the piece rate system for weavers, the mill exceeded the production quota for weaving by 447 percent. The problem arising from the bottleneck was resolved at once. Ever since the introduction of the new system, the zeal of the workers in the forefront of production had been mobilized. The irrational phenomenon of unequal pay for equal work was not resolved since the basic wages of senior and junior workers differed greatly, which constituted a major portion of their total income.

/4. Introduction of the piece rate quota system according to position held./ The Jian No 3 National Cotton Mill implemented this system in the beginning of 1979. It has also been introduced in many enterprises in Shandong. Its characteristics: advanced and reasonable quotas were set for workers on the frontline of production. Normally, such quotas were set not lower than the highest standard of the ministry. The price units and wages were calculated and set by the ministry with reference to the wage standard according to position held. Regular production bonuses were terminated since the introduction of the new system. The basic wages of the junior workers were low. Their wages would increase too much if they worked under the same price units and piece rate system as the senior workers and that would thus create a new conflict. Different price units were set for junior workers in accordance with their seniority. Apprentices would take an examination after half a year of service. After they had passed the examination, their price units would be calculated in proportion to 65-95 percent of their wages from the first year through the fourth. They would gradually proceed to the piece rate quota system according to position held. Moreover, workers would get piece-rate wages when they were on duty; they would get their original basic wages when they were off duty. The advantages and effects of this new system were fairly evident.

/First, the principle of distribution according to labor was fairly well embodied./ In the 1950's, the system of wages according to position held was introduced in frontline production workers in the textile industry. Quotas and wage standards were set in accordance with the required standard of skill and the quality and quantity of products. Workers in the same position got the same wage if they fulfilled their quotas. After the introduction of the wage scale, workers were classified as grade-two workers regardless of the nature of the work, or the skill and labor involved. They got the same pay for the same type of work, regardless of the number of machines they were taking care of and the conditions of their jobs. They got the same wage regardless of their position. As a result, they got equal pay for unequal work. Those who worked less got more. Frontline production workers were junior and got low pay. When spinners and weavers who had been working under the system of wages according to position held grew old and weak, they were transferred

to do auxiliary work. But their wages were calculated in accordance with their seniority. Weavers in the Shanghai No 4 Cotton Mill got an average wage of 44 yuan; auxiliary workers 88 yuan. Spinners got an average wage of 49 yuan; sweepers 79 yuan. The zeal of the workers on the frontline of production was seriously undermined. At present, the piece rate quota system according to position held has been introduced in enterprises such as the Jinan No 2 National Cotton Mill. The new system, which is, in fact, drawing close to the system of wage according to position held, is beneficial to future wage reforms and is well received by the workers on the frontline of production.

/Second, it suited the production characteristics of the textile industry./ The manual operations of workers on the frontline of production were heavy and their labor intensity great. Normally, they start working at 18 or 19. After undergoing a certain period of training, they work on production lines. Their golden age of making contributions to the country is from 20 to 30 years old. Some of them cannot work on the production lines after 35. Under the wage scale, they receive the lowest wages while they are at their peak. Their wages cannot go up while they are on the decline. Their normal wages are 40 odd yuan. Some female workers retire in their forties. They lead a hard life as their pension is small and their children are still dependent. Compared to the 1950's, present workers on the frontline of production have a greater labor intensity, worse working conditions, higher productivity and make a greater contribution. However, their wage level continues to decrease. In 1980 the monthly output of spinners in Tianjin No 3 Cotton Mill for the same product increased by 69.24 percent compared to 1957. But their average monthly wages decreased by 39.63 percent, from 71.86 yuan to 43.38 yuan. The monthly output of weavers increased by 172 percent, but their wages decreased by 56.89 percent, from 78.47 yuan to 33.83 yuan. The above-mentioned shortcomings can be overcome by the introduction of the piece rate quota system according to position held. The new system suited the characteristics of textile workers who mature, contribute and decline at an early age.

/Thirdly, the labor force in the front-lines of production was strengthened and the attendance rate improved./ Before the introduction of the piece rate quota system according to position held, the rate of attendance of front-line production workers in Jinan No 3 National Cotton Mill was around 65-80 percent. Workers had to work overtime and temporary workers had to be recruited whenever the labor force was inadequate. Every summer, up to 300 outside workers had to be recruited. The annual payment for overtime work reached 200,000 yuan. After the introduction of the new system, workers began to have hope and positive factors were brought into play, even though the monthly wage level only increased by 8 to 10 yuan and could not return to the level in 1965. The previous problem of "the frontline being tense, the second line loose, and the third swollen" was basically resolved. In 1976 the mill started a recruiting drive for new workers to be posted to 20 units in the city area. The recruitment drive lasted for more than a month, but the vacancies were not fully filled. In 1979 the mill wanted to recruit 200 new workers. On the first day, 358 applications were received. Most of them insisted on working in the front-lines of production. Those who had been transferred to the second line and third line of production on health grounds, now asked to be transferred back

to the front-line of production. Those who had disliked working in textile mills because of the heavy workload and poor pay and who had transferred to other enterprises asked to be transferred back to the mill. The rate of attendance of front-line production workers in many enterprises was normally above 95 percent.

/Fourthly, the masses of workers began to have enthusiasm in studying and their level of skill was raised./ In the past, weekly practice, monthly assessments, quarterly evaluations and half-yearly contests were scheduled by many enterprises. However, the workers did not take them seriously and such exercises became mere formalities. Now, operational and technical practice has become self-motivated. Many new workers insist on going to work early and going home late every day. They have tried hard to practice by themselves and their level of skill has been greatly raised. The number of skilled workers has increased. In the past, the position of Jinan No 3 National Cotton Mill in provincial and municipal contests was very low. Now it reaches high positions. The improvement of the levels of skill has given rise to an improvement of quality and quantity in production. Compared to 69.7 percent in the first half of 1978 before the piece rate quota system according to position held had been introduced, the proportion of best quality cotton in 1981 rose to 85.5 percent. The proportion of standard quality yarn rose from 75.5 percent to 91 percent. Other economic or technological targets were also considerably raised.

/Fifthly, the development of production was promoted and the increased in production and revenue were achieved./ Many enterprises in Shandong which had implemented the piece rate quota system according to position held, had changed the three shift system into the "four shifts with three rotations system." The labor quota rose by an average of more than 20 percent. Excessive workers were sent to meet the needs of the new shift system. The problem of having no fixed workers or quotas was basically resolved. The system of personal responsibility and systems of quota management, keeping records and data, business accounting and quota assessment were established and perfected. Reorganization of enterprises was promoted, business management was improved and productivity was increased. The total output value of Jinan No 3 National Cotton Mill in 1980 increased by 10.1 percent compared with that in 1979. Its profit increased by 13.1 percent. Its total output value in the first half of 1981 increased by 20.78 percent as compared to the corresponding period in 1980. Its profit increased by 24 percent. While both the state and enterprises achieved increases in production and revenue, workers' wages were also increased considerably through increasing labor quotas. According to an analysis made by Shandong Province, after the introduction of the piece rate system, according to the position held, a textile mill of 50,000 spindles with an annual total output value of 50 million yuan would have had a 12 percent increase in production, an increase of 6 million yuan in total output value and an increase of 1.2 million yuan in profit tax. The average monthly wages for every 1,000 positions in which the new piece rate system was implemented, the average monthly wage increase was 8 yuan, amounting to 96,000 yuan a year, less than 1/10 of the increase in profit tax.

The problem of egalitarianism in distribution among front-line production workers (who make up nearly 50 percent of the total number of workers) was

gradually resolved. The problem of egalitarianism in distribution among second line and third line production workers (who make up another 50 percent of the total number of workers) had to be further studied.

The piece rate quota system according to position held is the best of the above-mentioned major wage and bonus systems and it tallies better with the actual situation of the textile workers. In order to further overcome egalitarianism in distribution and stimulate front-line production workers it is necessary, before any reform of the wage system is carried out, to implement trial points and to gradually popularize it. At the same time, the economic responsibility system of second line and third line production workers should be seriously studied. We should liberate our minds and break free from conventions in finding a new way. No matter what kind of economic responsibility system is implemented for second line and third line production workers, the objective is to make them serve the front-line production and to ensure normal front-line production.

The introduction of a piece rate quota system according to position held for front-line production workers is, in fact, entirely different from the piece rate systems and repeated bonus systems currently implemented by some enterprises. In the first place, it is a gradual restoration of a reasonable wage system according to position held, which suits the characteristics of the textile industry and was carried out before the "great cultural revolution." It is a solution to the problem of egalitarianism. It is also an effective way to consolidate the labor force of the front-line production workers in the textile industry. It is not a system which only aims to give more bonuses to workers. Secondly, workers do not get large wage increases. In the 1950's, under the wage system according to position held, workers in the same position held, workers in the same position got the same wage when they fulfilled the same quota. At present, the wage rates of workers is worked out in accordance with their seniority. The actual wage level is still very low as compared to that in the 1950's. Moreover, the localities can fix their own wage rates for workers of different seniority in accordance with their economic development. It is not intended to set a standard pattern for all localities. Thirdly, enterprises experimenting with the piece rate systems according to position held should meet several strict requirements. They should have a strong leading class, satisfactory production, regular supplies and sales, sound accounting and recording systems, advanced quotas and fixed numbers of workers and a good system of assessment and examination. Fourthly, workers cannot get more wage than they are entitled to. We hope that the quota of those enterprises experimenting with the new system will reach the highest standard set by the ministry. The production quota of the textile industry is worked out in accordance with the speed of the machines. There are several economic targets, such as output, quality, and strict economy. Generally speaking, the change for individual overfulfillment of a quota is limited. Wages for overfulfillment of quotas is also limited. Since the introduction of the piece rate system according to position held, the quota of Jinan No 3 National Cotton Mill, which was set in accordance with the highest standard set by the ministry, has increased by 20 percent. Only 96 percent of the workers fulfilled their quota. The actual average wage level is lower than that stipulated. To sum up, we should practically examine the advantages and disadvantages of various economic readjustment and to bringing every positive factor

into play should be put right. Anything that is favorable to production development should be seriously summarized, continuously perfected and experimented with step-by-step. The piece rate system according to position held falls within this category. It is a distribution system which better suits the development of productivity.

At present, the localities are confronted with a very serious problem while carrying out the economic responsibility system. They have paid attention to establishing a sound economic responsibility system for workers, but ignored the establishment of a sound economic responsibility system for cadres. To consolidate the productivity of the front-line of production and to stimulate the enthusiasm of workers are two essential requirements for improving production. However, cadres have to shoulder a great responsibility for the management of enterprises. Conditions of production such as management, technological design, facilities and technological competence have a direct relationship with the economic effect of enterprises. They also have a direct relationship with the performance of cadres at all levels. At present, quotas and the system of distributing bonuses in accordance with the responsibility of one's position are imposed by many enterprises on cadres at all levels, in line with their terms of reference. However, no significant results have been achieved. The problems are that quotas cannot be imposed directly on individuals, and that assessment is not strict enough. As a result, workers get their bonuses regardless of their performance. More important is the influence of the current cadre system. Cadres do not have a sound system of awards and penalties. Good cadres are not commended and bad comrades are not criticized. Promotions, transfers and disciplinary actions are all decided by higher authorities. Very often, criticism of cadres is not supported by higher authorities which fear giving offence and making work complicated. The sense of responsibility of cadres at all levels cannot be stimulated if high standards and strict demands are not imposed on them. The establishment of a sound economic responsibility system for cadres at all levels can link up economic interests with performance. More important is that it can link up with an assessment system and a system of awards and penalties for cadres. In this way, the enthusiasm of the vast number of cadres can be stimulated, so that they can really shoulder responsibility and work well for the enterprises.

Ideological and political work should also be strengthened during the course of establishing the economic responsibility system. At present, there is a trend that the more money received the better. Many members of the staff and workers give much thought for their own interests, the interests of the enterprises and immediate interests. They have little thought for the state's interests, overall interests and long-term interests. Staff should be taught to build up a lofty ideal of socialism and communism, to work hard and to make more contribution. A state, a nation should have a lofty spirit. So should every enterprise and every member of the staff. The revolutionary spirit can be strengthened and the enterprises can be properly managed only when we are armed with the communist ideal. All enterprises should pay close attention to ideological and political work. Special attention should be paid to the staff's mental and physical health after their enthusiasm has been stimulated.

The management should also strike a proper balance between work and rest. Since the burden of the front-line production workers in some advanced enterprises is very heavy, the number of spindles and stands should not be increased to augment the worker's labor intensity. Workers should be taught to improve their technological skills. Management and quality should be improved. Strict economy should be practiced to score good economic results.

The success of the economic responsibility system depends on whether or not cadres at all levels are really responsible, whether or not they study and investigate practically and proceed from the characteristics of the localities and of the trade, whether or not they can find out some practical ways to avoid both formalism and the bad habit of following trends. We should ask cadres at all levels to follow Comrade Pan Xunzeng, director of the Shanghai No 28 Cotton Mill, who is always thinking of the good management of the mill, living with the masses and seriously studying matters concerning the construction of socialist spiritual and material civilization. This social change will be achieved if cadres at all levels are dedicated to their work.

CSO: 4006/404

INDUSTRY

SHAANXI ON DEVELOPING MACHINE BUILDING INDUSTRY

HK250918 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 24 Mar 82

[Station commentary: "There Are Bright Prospects for Developing Machine Building in Shaanxi"]

[Excerpts] Great efforts were made last year to readjust the service orientation in our province's machine building industry and to open up new avenues of production. With the total value of output reaching 913 million yuan last year, the machine building industry turned over profits of 34.7 million yuan to the state. Clear improvements were made in the level of administration and management, the level of scientific research and technology and in the degree of responsibility felt by workers and staff toward their work. There was also an increase in overall productive capacity.

While our province's machine building industry still faces many problems this year, conditions are conducive to the development of production. These conditions are: The broad masses of cadres, workers and staff members now have a better understanding of our party's line, principles and policies since the Third Plenary Session of the party's Central Committee and share a common ideological foundation. The spiritual state of most leading cadres is also relatively good. They have the confidence to overcome problems and bring about a revival of the industry. Various marketable products developed last year provide another condition conducive to the development of production this year. Moreover, owing to the implementation of the production responsibility system in the rural areas there has been an increase in the need for small- and medium-scale agricultural machines. The success of preliminary efforts to carry out technical transformation has also led to an increased demand for marketable machinery and equipment. There has also been an increase over last year in the number of assigned production tasks. These conditions all benefit the prospects for developing the machine building industry.

This year our province's machine building industry has the following general tasks: continue readjustment, improve economic results, grasp the reorganization of enterprises, develop a wider range of products, improve the product quality, improve reliability and strive to ensure high output. The specific targets are to increase agricultural output by 4 to 6 percent on the basis of fulfilling last year's production quotas, lower comparable production costs by 1 percent, produce 109 new products and increase total export output by 15 percent over last year's. In view of the production situation in the first

2 months of this year, the province's machine building industry has already fulfilled 69.88 percent of the output quota of the first quarter of the year, showing an increase of 10 percent over the corresponding period last year.

We believe that so long as the broad masses of workers of the machine building front unswervingly implement the party's principles and policies and work in a practical fashion, the machine building industry will reap better economic results this year than last year.

CSO: 4006/399

INDUSTRY

HUNAN: GOVERNOR SPEAKS AT INDUSTRIAL WORK CONFERENCE

HK290737 Changsha Hunan Provincial Service in Mandarin 1100 GMT 26 Mar 82

[Text] The provincial conference on industrial and communications work convened by the Hunan Provincial People's Government was concluded in Changsha today. The conference pointed out: At present, we must focus economic work on improving economic returns and on striving for an increase of 4 percent in the gross industrial output value over the preceding year, and make an effort for 5 percent. Comrades attending the provincial conference on industrial and communications work had conducted thorough discussions on raising economic returns since the conference commenced on 17 March. They all held: In improving economic returns, we must first raise social economic returns. We must adhere to giving priority to the planned economy so that the economy of the province will comply with that of the country. We must firmly establish the idea of taking the overall situation into consideration and organize production in accordance with the plan and the needs of society.

The conference pointed out: We must strive to improve the quality and variety of the province's industrial and communications products and try hard to minimize the consumption of energy. This is the way to raise economic returns. We must strive to score significant achievement in improving the quality of products within this year. We must work hard to produce a number of famous brands and complete sets of products as soon as possible; and strive to make innovations for products and increase their varieties, so as to meet the everchanging needs of the market. At the same time, we must practice economy.

The participating comrades held: Attaching importance to management work and doing a good job of it are key measures for raising economic returns. Our plans must meet the needs of society and reflect the wishes of society. At the same time, enterprises must strengthen their management work, conduct more market research and forecasts and organize production which focuses on the needs of society.

Sun Guozhi, secretary of the provincial CCP committee and provincial governor, spoke at the closing ceremony of the provincial industrial and communications work conference.

During the conference, representatives from eight units including the Changling Refinery, the Liling Guoguang Porcelain Plant, the Heyang Metallurgical Machine-Building Plant, the Liyujiang Coal Mine, the Xiangyi Nitrogenous

Fertilizer Plant, the Xiangxiang Cement Plant, the Xiangnan Machine-Building Plant and the Lianyuan Iron and Steel Plant introduced their experiences. Responsible comrades of the provincial CCP committee and people's government awarded certificates of merit, silk banners and certificates to the 101 advanced enterprises of 1981, 13 products which were awarded by the state for fine quality goods, 163 production units which produced fine quality goods and 37 advanced units of quality control.

CSO: 4006/399

INDUSTRY

GUANGDONG HOLDS INDUSTRY, COMMUNICATIONS MEETING

HK261053 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 25 Mar 82

[Summary] On 18 March, the Guangdong Provincial People's Government held a report meeting to convey and implement the spirit of the national conference on industrial and communications work. Leading cadres of the subordinate provincial industrial and communications system attended. Vice Governor Liu Junjie presided while Vice Governor Li Jianan conveyed the instructions of leading comrades of the State Council. Provincial economic commission chairman Wang Huan conveyed the spirit of the national conference and put forth a specific view for implementing its spirit.

"In accordance with the spirit of the national conference on industrial and communications work, this year our province must strive to raise economic results. That is, the total industrial output value must increase by 7 percent, the profits to be submitted to the state must increase by 4 percent, the costs must be reduced by 1.7 percent and we must reduce by one-third the number of state-run industrial enterprises which incur losses. In future, the major targets for economic effect and the results of assessment of the work of all prefectures and municipalities must be published once in each quarter. We must exchange information and compare ourselves with, learn from and catch up with the progressives and help each other. Once in each quarter, with relevant departments at the same level, economic committees at all levels must hold a meeting to analyze economic results of activities, coordinate their actions and improve their work. Moreover, we must implement the system of business analysis and forecasting and understand the market conditions at home and abroad."

In industrial production, we must adhere to the principles, "quality comes first" and "products must be marketable." If a product which was assessed as a product of superior quality several years ago fails to measure up to the requirements of a product of superior quality, its superior quality certificate must be canceled. No backward areas are allowed to protect themselves by prohibiting other places' products from entering their markets or by prohibiting the purchase of goods from other places. Nobody is allowed to take improper measures to promote the sales of goods. The bonuses of enterprises throughout the province in 1982 must remain at last year's level. We must check and ratify the total amount of the bonuses which will be issued to all

prefectures, municipalities and trades. In the course of issuing bonuses, we must resolutely oppose egalitarianism. We must investigate and affix the responsibility for indiscriminately issuing bonuses. To promote industrial production, our province must take measures to solve the problems of the short supply of energy resources and the problems of communications and transport and must speed up technical modification in enterprises.

CSO: 4006/399

INDUSTRY

REGULATIONS ON COLLECTING POLLUTION DISCHARGE FEES PUBLISHED

OW301151 Beijing XINHUA Domestic Service in Chinese 1220 GMT 29 Mar 82

[Text] Beijing, 29 Mar (XINHUA)--The State Council has published the "Provisional Regulations on Collecting Fees for the Discharge of Industrial Wastes" and issued a circular in this connection.

The circular points out: The State Council has decided to collect fees for the discharge of industrial wastes in order to encourage enterprises and institutions to strengthen management, economize on natural resources and make multi-purpose use of them, control pollution and improve the environment.

The circular states: The collection of fees for the discharge of excess wastes is a better way of applying economic pressure to strengthen environmental protection. Since this task involves many departments and significantly affects policy, it is hoped that the people's governments at all levels will strengthen their leadership and carry out this task step by step, in a planned manner and with the stress on key enterprises and institutions.

The 13-article "Provisional Regulations on Collecting Fees for the Discharge of Industrial Wastes" will go into effect on 1 July this year.

The provisional regulations stipulate: All enterprises and institutions must meet the relevant standards set by the state on the discharge of industrial wastes, including the "trial standards for the discharge of waste gas, waste water and industrial residue." In case the people's governments of provinces, autonomous regions and municipalities directly under the central government have published regional standards on the discharge of industrial wastes, the enterprises and institutions located in these provinces, autonomous regions and municipalities must meet the regional standards. Enterprises and institutions that exceed the discharge standards must pay pollution discharge fees. Other units whose chimneys discharge smog and dust in excess of the discharge standards must also pay pollution discharge fees.

Units that exceed the discharge standards must report to the local environmental protection departments on the type, quantity and density of their pollution discharge. These reports, after having been approved by the environmental protection departments or the designated pollution monitoring units, will be used as a basis in collecting pollution discharge fees from them.

When a unit, after having paid pollution discharge fees, still fails to meet the discharge standards, its pollution discharge fees will be increased 5 percent each year, beginning from the third year after it started paying such fees. When a unit meets the discharge standards or noticeably reduces the quantity and density of its pollution discharge by making efforts to control pollution and strengthen management, it may report this to the local environmental protection department. After this has been verified by monitoring, that unit may have its payment of pollution discharge fees stopped or reduced.

Pollution discharge fees shall be levied on a monthly or quarterly basis. Units that exceed the discharge standards, regardless of their organizational or ownership relationship, shall pay their pollution discharge fees to designated banks within 20 days after being notified by the local environmental protection department. If a unit fails to make payment within the specified time, it shall be fined an amount of 1/1000 of its fee per day.

Enterprises may charge their pollution discharge fees to their production costs. As for institutions, they may pay such fees from surplus funds or from extrabudgetary funds. If their surplus of extrabudgetary funds are insufficient, they may pay their pollution discharge fees from their operating expenses.

The pollution discharge fees collected shall be included in the budget and used as subsidies for environmental protection. They shall be managed as a special fund and shall not be used for other purposes. In coordination with finance departments, environmental protection departments shall make overall arrangements for the use of subsidies for environmental protection. These subsidies should be given mainly to major enterprises that exceed discharge standards so as to bring pollution under control, and to those that carry out comprehensive measures to improve the environment.

CSO: 4006/399

INDUSTRY

GANSU URGES EFFORTS TO DEVELOP LOCAL CHEMICAL INDUSTRY

SK310956 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 30 Mar 82

[Text] According to our sources, a recent provincial work conference on the petrochemical industry pointed out the need to vigorously and steadily develop the local chemical industry in our province. The work conference analyzed the situation in our province's petrochemical industry, revealing that our province has engaged chiefly in producing raw materials and initial processing and very little in [words indistinct] and producing chemical products for daily use. The work conference pointed out in particular that chemical industries run by prefectures and counties are weak and their technology is backward, equipment is old and technical forces are weak. They cannot meet the needs of agriculture, light and textile industries, markets and the people's living.

In order to improve this situation, the work conference urged efforts to do a good job in chemical industries directly owned by the province and, at the same time, to make full use of the natural resources and favorable conditions of our province to actively develop the local chemical industry to meet the needs of agriculture, light and textile industries, markets and exports. To strive to make a relatively big progress in the next few years, it is necessary to make painstaking efforts to develop scientific research, technological and other basic work. Large petrochemical industrial enterprises are encouraged to use existing secondary vocational and engineering schools and workers universities to train a number of technical forces in a planned way for local chemical industrial enterprises, actively establish integrated complexes among different enterprises and organize professional and technical coordination between large and medium-sized petrochemical enterprises and local chemical enterprises.

The Provincial Petrochemical Industrial Bureau has decided to allocate 1 million yuan from the profits retained this year to help localities develop key chemical industrial projects which require little investment, will yield results soon and are welcomed by markets on a trial basis to promote the local chemical industry.

CSO: 4006/399

INDUSTRY

LIAONING CALLS FOR RAISING ECONOMIC RESULTS

SK060826 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 5 Apr 82

[Brief commentary: "It Is Imperative To Pay Attention to Economic Results"--date not given]

[Text] The industrial and communications front of Liaoning Province made a good start in the first quarter production and scored an 8.1 percent increase over the figure of industrial output value in the corresponding 1981 period. This is a very gratifying achievement.

However, in fulfilling the task set forth by the central authorities in regard to focusing on raising economic results when taking all work into consideration, our province has still lagged behind. Some enterprises have blindly engaged in production only for the sake of products which are of high output values and yield large profits, without paying attention to sales. As a result, products finding no market have been overstocked due to excess production.

Such production not only results in ineffective labor, it also adds nothing to economic results. The anarchist state of affairs such as blind and duplicate production still prevails in various industries. For instance, while suspending production for a commodity in one plant, another one is ready to put a project into production for the same commodity. When one enterprise has worked out a production project for the commodity, another one has already overstocked commodities of this category. Some engage in production for commodities outside the state assignment and arbitrarily increase their output of these commodities over those under the state assignment. Small enterprises even scramble for production tasks with large enterprises in producing goods of high output value and profits. All of this has caused great waste to the state.

Therefore, we should concentrate our efforts on improving economic results. In view of the industrial and communications front as a whole, further efforts should be made to do a good job in maintaining a production balance in a comprehensive way and intensifying guidance in drawing up production plans. In viewing managerial responsibility, it is necessary to overcome the onesidedness of paying attention to production rather than sales and paying attention to output value rather than economic results. Every trade and enterprise should exert all-out efforts to improve economic results so that it will be able to turn out its products without exaggeration and in a down-to-earth manner.

INDUSTRY

BRIEFS

GUIZHOU INDUSTRIAL TASKS--The provincial government held a telephone conference on industry and communications on 6 April, to review production in the first quarter and make arrangements for the second. Governor Su Gang and Vice Governors Li Tinggui and Meng Xiaoping spoke at the meeting. The following specific demands were put forward: 1. All areas and departments must review their first quarter performance and make proper arrangements for the second. They must unify economic returns with growth rate and regard improving economic returns as the fundamental starting-point in work. 2. Improve product quality, and reverse the decline of quality of certain products. 3. Do a good job in straightening out the enterprises, starting off by improving economic returns. 4. Promote safety in production. 5. Strengthen ideological and political work. This includes conducting education in the economic situation. The meeting called on the industry and communications front to work hard and fulfill half the year's tasks in less than half the year. [HK070421 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 6 Apr 82]

SHAANXI INDUSTRIAL ISSUES--The Shaanxi Provincial CCP Committee and Government held a telephone conference on 6 April to make arrangements for industrial production in the second quarter. Provincial CCP committee executive secretary Zhang Ze presided, secretary and Governor Yu Mingtao spoke. Yu Mingtao said: Shaanxi has scored good results in the first quarter, with a steady rise in output and improved economic returns. Total value of industrial output during the period was 9.6 percent higher than in the corresponding period of last year and amounted to over 23 percent of the year's plan. Yu Mingtao said: During the second quarter, the general demand is to seriously convey the spirit of the national industry and communications work conference, center efforts on improving economic returns, rectify the enterprises, hit at illegal and criminal activities in the economic field, and strengthen ideological and political work. At present it is necessary to concentrate on the following tasks: 1) Increase output of products that sell well; 2) improve product quality and increase variety; 3) turn losses to profits and fulfill the profit quota; 4) promote capital construction and projects for tapping potentials and carrying out innovations and improvements, so as to increase production capacity; 5) do a good job in straightening out the enterprises; 6) grasp production safety. [HK070359 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 6 Apr 82]

HEILONGJIANG FLAX COMPANY--The Laixi Flax Textile Plant construction project broke ground on 1 April in Heilongjiang Province. Hou Jie and (Wang Guangwei), leaders of the provincial CCP committee and the provincial people's government, attended the ceremony. The Provincial People's Commune Enterprise Administrative Bureau, the China International Trust Company and the Laixi County People's Government have decided to jointly invest in, construct and manage the Laixi Flax Textile Complex. The designed capacity of the complex is 15,000 spindles. The construction consists of three stages. Some 50.25 million yuan was invested in the first stage. Upon completion of the first stage, the plant will be able to produce 2 million meters of wide linen cloth and 35 million yuan of output value and hand over to the state 22 million yuan of taxes every year. [SK021155 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 1 Apr 82 SK]

HEILONGJIANG INDUSTRIAL OUTPUT--Qiqihar Municipality, Heilongjiang Province, made great progress in industrial production in January and February. The city scored an industrial total output value of over 276 million yuan in this period, a 20 percent increase over its output value plan and a 21.4 percent increase over the figure of the corresponding 1981 period. In the first 20 days of March, the city fulfilled its monthly industrial production plan by 85 percent. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Mar 82 p SK]

XINJIANG LIGHT INDUSTRY CONFERENCE--The Xinjiang Regional Conference on Light Industry concluded on 12 March. The conference formulated this year's tasks for light industrial production in the region. The tasks include vigorously developing the production of consumer goods, raising economic results and guaranteeing that the total industrial output value of the whole region this year will be 7 to 8 percent more than last year. At the conclusion of the conference, Huang Luobin and (Xu Guo), secretaries of the regional CCP committee, spoke. [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 19 Mar 82 HK]

CSO: 4006/399

DOMESTIC TRADE

BRIEFS

YUNNAN COMMODITY PRICE CIRCULAR--The Yunnan Provincial People's Government recently approved and transmitted the view of the provincial commodity price committee on the all-round straightening out of market commodity prices and issued a circular. The provincial people's government demands that all places and departments seriously do well in straightening out market commodity prices. The view of the provincial commodity price committee includes the raising of retail prices of industrial and agricultural commodities, prices of food and drinks, social service charges, the purchasing prices of agricultural products and the selling prices of means of agricultural production in accordance with regulations of the State Council and the provincial people's government. The prices of all commodities and service charges must be clearly marked. It is essential to regularly inspect the commodity prices and service charges, to observe commodity price discipline and establish the system of rewards and penalties. To strengthen leadership over the straightening out of market commodity prices, the provincial government has decided to establish a provincial commodity price straightening-out leadership group and all prefectures, autonomous prefectures and municipalities must also establish commodity price straightening-out leadership groups. [HK290749 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 21 Mar 82 HK]

CSO: 4006/399

FOREIGN TRADE

BENXI NOW EXPORTS CAST IRON INSTEAD OF PIG IRON

Shenyang LIAONING RIBAO in Chinese 4 Feb 82 p 2

[Article by staff reporters Si Xiangchun [0674 4382 2504] and Dong Changli [5516 1603 4409]: "Changing from the Export of Raw Materials to the Export of Manufactured Goods, Benxi [2609 3005] City Ends the History of Inability to Export Cast Iron Implements; In Just Four Months It Exports One-hundred-fifty-eight Metric Tons of Cast Iron Products, Thus Creating Over Thirty-thousand U.S. Dollars in Foreign Exchange for the State."]

[Text] Last year from August to the end of the year Benxi City exported nine types of cast iron products totaling 158 metric tons and including such items as water measures, water boxes, large covering plates, small covering plates, and round covering lids, etc. In the first quarter of this year foreign orders have already been received for over 150 metric tons of goods. In this manner, Benxi's history of only being able to export pig iron and not being able to export cast iron manufactured goods has finally come to an end. The high quality pig iron produced in Benxi, the city of coal and iron, has always been known throughout the world as "ginseng iron" [0086 0639 6993]. Since 1914 when Benxi's first iron smelting furnace began producing, Benxi's cast iron manufacturing industries have appeared one after another. Today the number of cast iron manufacturing enterprises has expanded to nearly 100, and their technical resources are rich. However, in the past only pig iron was exported for foreign trade. Since the beginning of readjustment of the national economy, the Benxi Municipal Foreign Trade Department saw that the international market needed large quantities of cast iron products, and yet, while on the one hand we exported large quantities of pig iron, on the other many cast iron manufacturers did not have enough business. Therefore, they organized six factories such as the Benxi Municipal Motor Vehicle Parts Plant, and the Benxi County Foundry, to produce cast iron products for export which have been welcomed by foreign traders.

Even though it has been only 4 months since Benxi has converted from exporting pig iron to exporting cast iron products, its most important effects are already very clear to see:

Converting raw materials into manufactured goods is beneficial in transforming the export goods structure and thereby increasing foreign exchange earnings. Presently the quantity of cast iron products for export is still not large and the types of goods are rather few. Nevertheless, they have already increased foreign exchange earnings to nearly two times what they are for exported pig iron, and in only four months it has created additional foreign exchange of U.S. \$33,000 for the state.

It is beneficial in raising the enterprises' technical level. In the past the cast iron manufacturing industry used to produce clumsy black coarse cast iron implements, but what the foreign market needs in the way of cast iron implements mostly are light, small, thin products of many varieties which require a high technical level. Such requirements induced the enterprises to study advanced experiences from abroad, upgrade technical level, and improve the quality of products.

It is beneficial in fully bringing into play the enterprises' productive capacities and in opening new production gateways. In the past the Benxi Municipal Motor Vehicle Parts Plant had no work, and it was incurring losses. After producing cast iron products for export, the whole plant has been experiencing a new lease of life; the staff and workers have been striving day and night to better their industrial techniques. Daily output has risen from three to seven metric tons, and loss has been changed into profit.

9879

CSO: 4006/341

FOREIGN TRADE

UNBALANCED DEVELOPMENT IN TOURIST TRADE REPORTED

Guangzhou NANFANG RIBAO in Chinese 9 Feb 82 p 4

[Article by Kong Ganqiang [1313 4907 1730]: "The Tourist Trade Should Develop in a Balanced Manner"]

[Text] The tourist trade is a newly developing, comprehensive economic undertaking. The development of the tourist trade must be in conjunction with tourist hotels, and they in turn with transportation, sightseeing spots, travel services, entertainment facilities and tourist souvenirs in order to structure a comprehensive body of tourist services which are mutually interrelated and mutually promotive.

The tourist trade in our province already possesses a fairly good foundation with great potential. However, the salient problems at present are an unbalanced distribution and a lopsided development. For example, in the three prefectures of Foshan [0154 1472], Zhaoqing [5128 1987], and Huiyang [1920 7122], of the existing total of hotel guest rooms, except during holiday or vacation seasons, the China Travel Service only rents about 40 to 50 percent; the Foshan Branch of the National Travel Service only about 25 percent; while the Zhaoqing Branch merely reaches about 23 percent. The explanation for the generally low occupancy rate is that the number of hotel guest rooms in these prefectures are already at their peak and even excessive. And yet, they are still continuing to build more hotels. For example, the tourist departments at both prefectural and municipal levels in the city of Foshan at present already have over 1,500 beds, and because it is not far from Guangzhou most tourists simply pass through so that rooms basically are not a problem in the first place. Nevertheless, several units are still preparing to introduce foreign capital and have signed contracts to build new hotels. Or take for example, the city of Huizhou [1920 1558] which at present contains such units as the China Travel Service, the West Lake Travel Service, and Service Mansion. It already has seven hotels which can accommodate tourists, and altogether has 1,652 guest beds. Based on the present transportation situation and the state of the number of guests, the presently existing hotels and those in the process of being build are already sufficient to meet tourist needs. Nevertheless, according to our understanding, the commercial departments are planning to erect a high-rise hotel of over ten stories. And yet, a great many places do not pay

sufficient attention to building up scenic areas, sightseeing spots, or amusement facilities, and some sightseeing spots even seriously lack funds for minor repairs with the result that there is very little construction in these scenic areas and sightseeing spots and many cultural relics and historic sites have been neglected for many years.

In order to make our province's tourist trade flourish and grow, we believe that we must first take up a unified plan for the tourist hotels in the whole province and have a rational layout. Adding on a set number of rooms suitable for receiving foreign tourists is a must in developing foreign tourism. However, the focus should be placed on self-reliance as the basis, attention should be paid to transformation and tapping potential, and the major effort should be centered on transforming present hotels and thoroughly utilizing unused high-class guest houses. Whether national investments or utilizing overseas Chinese capital, the stress should be laid on key areas instead of "scattering over every corner." Except for building a few high class hotels in key cities, should stress medium- and small-scale and average class hotels. In sum, the principles should be to economize on investment, show quick results, and reap great profits. At the same time, we should proceed from our own actual situation and with regard to building up tourist hotels, sightseeing spots, and amusement facilities, we should suit measures to local conditions and emphasize the special qualities of each area and its ethnic style. For example, the architecture of Zhongshan [0022 1472] Hot Springs Hotel has a great deal of ethnic flavor and its gardens are unique; the pavilions, lofts, villas and pavements of the vacation campsites in Shenquan's Xili [3234 1101 6007 3468] used the local granite for construction and each object is unique. However, presently, there are many localities which blindly seek after "the grand foreign style" in constructing tourist hotels, such as wanting to install such things as refrigerators and carpets. This manner of doing things is open to question. Actually, most of the foreign tourists whom we receive are from middle and lower echelons, the overwhelming proportion being overseas Chinese and our compatriots from Hong Kong and Macao. This is a special characteristic which should not be overlooked. Finally, we must pay special attention to coordination and balanced development. At present, the most important problem for most areas should be to manage existing hotels well, engage in building up scenic areas, sightseeing spots and entertainment facilities, and raise the quality of services at the same time. For this purpose, we hope that the leading departments concerned will work out a long-range comprehensive plan for the development of tourism throughout our province, on the basis of investigating and studying the resources for tourism for the whole province, in order to achieve rational distribution and development of all relevant facets. At the same time, for newly opened places such as Danzia [0030 7209] Mountain, Luofu [5012 3187] Mountain, and Lingxiao [0407 7197] Cliffs or the scenic areas and sightseeing spots of places such as the Sanye [0005 2814] of Hainan [3189 0589] and Tianya Haijiao [1131 3209 3189 6037] we should stress their planned construction in key areas even more. In addition, the situation regarding certain scenic spots and historical sites long renowned in China and abroad, such as Guangzhou's Guangxiao [0342 1321] Temple, Luofu Mountain of Boluo [0590 5012] and the White Cloud Temple of Zhaoqing's Dinghu [7844 3275] Mountain, etc, which certain units presently either continue to occupy or restrict from being opened up, ought to be seriously resolved, and they should be speedily renovated.

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CSO: 4006/341

LABOR AND WAGES

SICHUAN URBAN WORKERS' LIVING STANDARD IMPROVES

HK301513 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 26 Mar 82

[Excerpts] According to SICHUAN RIBAO, due to the overall consideration and arrangements made by the party and the government for production, construction and the people's livelihood in the course of the readjustment of the national economy, there have been notable improvements in the living standards of the great majority of urban staff and workers in Sichuan Province. According to a survey of the income and expenses of 1,500 households of staff and workers selected from 13 municipalities including Chengdu, Chongqing, Zigong, Dukou, Luzhou and Wanxian and the 3 county towns of Guangyuan, Wenjiang and Yongchuan Counties, the per capita cash income in 1981 reached 449.64 yuan, an increase of 10.3 percent compared with 1980. After excluding the factors in price hikes, the per capita income for 1981 was 157.83 yuan or 61.1 percent more than that of 1980. Over the past 4 years, the per capita cash income has increased by an average of 12.7 percent a year. The major factors in the increases in income are: 1. There has been an increase in the number of staff and workers who have obtained employment, the burdens on the households of staff and workers have been lightened, and the households of staff and workers have received increases in income correspondingly. 2. There has been a big increase in bonuses and a distinct rise in wage level. 3. The average income from traveling expenses, subsidies for health, food and cultural recreation, welfare allowance and subsidies for living in straitened circumstances for every staff member and worker [in 1981] amount to 17.4 yuan, 10.4 times more than the 1.52 yuan in 1977 and 18.5 percent more than the 14.69 yuan in 1980. 4. The per capita income from the people's study grants savings interest and other sources [in 1981] amount to 39.25 yuan, 82.6 percent more than in 1977 and 34.2 percent more than in 1980.

Over the past 4 years, the province has improved and solved over 3 million people's housing conditions and problems. Although the living standards of urban staff and workers in the province have been raised and improved to varying degrees over the previous years, there are still quite a few problems: 1. The number of high-income households of staff and workers in the province is not up to the national level. 2. Houses are still in short supply. 3. There has been a rapid rise in the expenses in sending gifts. Giving wedding dinners and funeral feasts and sending wedding and funeral gifts have become prevailing practices this year and have also become scourges in society. However, with the further readjustment and development of the national economy, the idea of making wedding arrangements and building all kinds of undertakings through thrift and hard work has been spread, the above-mentioned problems will be gradually tackled and solved and the situation will take a turn for the better day by day.

LABOR AND WAGES

SHANDONG DETAILS FUNDS TO UP LIVING STANDARDS

SK030508 Jinan Shandong Provincial Service in Mandarin 2300 GMT 2 Apr 82

[Text] During the 3 years following the 3d Plenary Session of the 11th CCP Central Committee, our province allocated 9,254,000,000 yuan, 63.5 percent of the province's revenue, to improve people's living standards. This sum was mainly used in the following seven ways:

1. Raising procurement prices of farm and sideline products to increase peasants' incomes by 3,562,000,000 yuan.
2. Reducing agricultural taxes to increase the income of communes, brigades and peasants by 315 million yuan. This included exemptions from taxation for brigades whose food grain was less than 365 jin and income less than 40 yuan and for newly established commune- and brigade-run enterprises for a certain period of time and reductions and exemptions for commune and brigade-run enterprises which produced agriculture-oriented products.
3. Providing jobs for 795,000 youths in urban areas and increasing the income of urban people by 557 million yuan.
4. Readjusting the wage scales of staff and workers, giving all kinds of allowances and instituting award systems to increase the income of staff and workers by 1,297,000,000 yuan.
5. Adopting a policy of reducing prices of agriculture-oriented items for communes and brigades such as diesel oil, chemical fertilizer, farm chemicals, farm machines and electricity, and the market prices of commodities for urban and rural residents such as grains, edible oil, vegetables, meat, eggs, briquets and leather goods. Allowances for this purpose totaled 2,034,000,000 yuan in 3 years.
6. Constructing 10 million square meters of housing for staff and workers in 3 years to improve housing conditions of urban residents. This totaled 1.17 billion yuan.
7. Allocating maintenance funds for newly established urban public facilities. Such funds totaled 319 million yuan in 3 years.

Through these direct or indirect measures for improving the people's living standards, the income of urban and rural people has markedly increased. Last year the average per capita income of rural commune members from the collective economy reached 125.5 yuan, an increase of 83.4 percent over 1978. The average per capita income of urban staff and workers from wages was 755 yuan. Excluding price hikes, real income increased 23.5 percent.

CSO: 4006/399

LABOR AND WAGES

BRIEFS

JILIN YOUTH EMPLOYMENT--Since 1981, Jilin Province has arranged jobs for over 246,000 urban youths awaiting work. Of these urban youths, 68.9 percent of them totaling over 129,000 persons have been employed by collectively-owned enterprises or have operated individually-owned firms. Over 84,000 youths have voluntarily formed groups to open joint-venture enterprises. As of now, two municipalities and nine counties throughout the province have completed job arrangements for middle school students who graduated before 1980. However, employment of children among miners and railway staff and workers is still encountering many problems. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 20 Mar 82 SK]

QINGHAI EMPLOYMENT--Over the past 3 years, Qinghai Province has arranged jobs for 170,000 people. According to the investigation data on 50 staff and worker households in Xining Municipality, the 1981 per household population was 4.71 persons, and its employed population was 2.06 persons. Each employed person is able to provide for 2.29 family members including himself, a 1.33 person and 24.7 percent decrease from the 1964 figure. The 1981 per capita monthly income was 37.89 yuan, a 34.9 percent increase over the 1966 figure. In 1981 the province arranged jobs for over 14,000 people in collectively-owned enterprises, which was a third of all employed persons in the province. [SK082248 Xining Qinghai Provincial Service in Mandarin 2330 GMT 7 Apr 82 SK]

SHAANXI PEOPLE'S INCOME INCREASES--Over the past 3 years, people's income in urban and rural areas in Shaanxi Province has increased and their living standards have improved. Over the past 3 years, peasants' income has increased by 786 million yuan as a result of the rise of prices and each peasant's income has increased by 32.9 yuan. Since 1979, the wages of workers in the province have increased by 1.3 billion yuan, an increase of 19.3 percent. In 1978, people in urban and rural areas throughout the province spent 2.85 billion yuan on consumer goods. In 1981, they spent 4.196 billion yuan on consumer goods, an increase of 43.7 percent. The savings of people in urban and rural areas throughout the province by the end of 1981 were 886 million yuan more than at the end of 1978. Over the past year, the state has spent 1.606 billion yuan each quarter on nonproduction undertakings, such as cultural, educational and public health undertakings, urban construction and housing for workers and this amount accounts for 32.4 percent of the total investments in capital construction. The area of residential housing completed is 6.236 million square meters, equal to the total area of residential housing completed from 1972 to 1977. [HK290911 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 23 Mar 82 HK]

YUNNAN PEOPLE'S LIVELIHOOD IMPROVED--Over the last 3 years, the Yunnan Provincial CCP Committee and the Provincial People's Government have appropriated about 2,816 million yuan to improve people's livelihood in the urban and rural areas. In the 3 years from 1979 to 1981, the province spent 1,741 million yuan on subsidies, housing, pay rises and bonuses for people in urban areas and each urban resident received an average of 439 yuan. Over the last 3 years, the province has used 1.07 billion yuan for the benefit of all peasants throughout the province and each person in the agricultural population has received an average of 37.94 yuan. As the province has reduced the selling prices of means of agricultural production, including chemical fertilizers, agricultural chemicals, hand-guided tractors and small agricultural tools, it has therefore lightened the peasants' burden by 199 million yuan over the last 3 years. [H091035 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 2 Apr 82 HK]

HENAN COAL ADMINISTRATIVE BUREAU--In accordance with demands of the Ministry of Coal Industry and the State Administrative Bureau of Labor, the Henan Provincial Administrative Bureau of Coal Industry has mobilized those coal extraction workers who took surface jobs to go back to the forefront of coal extraction. By the end of February, a total of 3,373 people had returned to the forefront of coal extraction. They account for 89 percent of the total number of people who should return to the forefront of coal extraction. The Provincial Administrative Bureau of Coal Industry demanded that all such coal extraction workers must return to their mines before the end of March and that they will no longer be allowed to take surface jobs. "If they do not do so, their names will be removed from the books, they will not be given pay, and their cases will be reported to the Provincial Administrative Bureau of Coal Industry for the record." [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 17 Mar 82 HK]

JILIN PEOPLE'S LIVING STANDARDS--According to a survey of 635 worker families in Jitongmen, Jilin, Siping, Tonghua, Baicheng and Yanji Municipalities, the average monthly net income of each worker in 1981 was 35.7 yuan compared to 17.74 yuan in 1965, an increase of 17.97 yuan. Daily expenses for workers' families also increased 99.3 percent compared to 1965. The improvement in the workers' living standard is the result of birth control, increases in job opportunities for the unemployed and the awards systems practiced by enterprises. [SK12216 Changchun Jilin Provincial Service in Mandarin 1100 GMT 11 Mar 82 SK]

UNEMPLOYED SHANGHAI YOUTHS DEMONSTRATION--On 23 March more than 500 unemployed young people staged a 2-hour sit-down demonstration in front of the Xuhui District People's Government building to strongly protest the government decision to give priority to helping find jobs for the 25,000 demobilized and retired army men who had arrived in Shanghai early this year. The sit-downers were later dispersed by the public security personnel, and 20 of them were arrested. [H081040W300426 Ba Yi Radio (Clandestine) in Mandarin to China 1330 GMT 28 Mar 82]

HEILONGJIANG WORKERS LIVING STANDARD--The statistics compiled from 1,050 working families in 7 municipalities of Heilongjiang Province show that the workers' living standard have substantially improved in the past 3 years. The per-capita worker's income in 1981 was 36.07 yuan. Comparing 1981 with 1978, per-capita income increased by 9.01 yuan--33.3 percent--or 21.4 percent after accounting for inflation. The increase is mainly due to the wage readjustment by the state and the population reduction due to successful birth control measures. Every 100 working families owned 35 televisions in 1981 but only 2 in 1978. In 1981 per-capita living space was 4.17 square meters, an increase of 1.2 square meters compared to 1978. [SK251342 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 24 Mar 82 SK]

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TRANSPORTATION

BRIEFS

NEW FLIGHT ROUTE--The Provincial Civil Aviation Bureau plans to start a new flight route between Harbin and Guangzhou effective 1 April. The weekly flight is temporarily scheduled to take off from Harbin at 1335 Sunday and return from Guangzhou the next day. A return flight from Shanghai to Harbin will become effective 1 April. There will only be scheduled flights from Harbin to Shanghai and no return flight from Shanghai to Harbin. [Text] [SK250842 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 24 Mar 82]

CSO: 4006/399

GENERAL

HEILONGJIANG HOLDS MEETING ON ECONOMIC CRIME

SK230616 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 22 Mar 82

[Excerpts] According to our sources, this afternoon the provincial CCP committee sponsored a meeting of leading cadres of provincial-level organs, mobilizing all provincial-level organs to wage further struggles against criminal offences in the economic field. Some 800 cadres at the department and bureau levels attended the meeting. Li Lian, second secretary of the provincial CCP committee, delivered a report.

In light of criminal cases in the economic field already exposed in our province, Comrade Li Lian pointed out in his report: Criminal cases in the economic field show that class enemies both at home and abroad exert a destructive and corrosive influence on us with decadent bourgeois ideas. Therefore, we must fully understand the seriousness, harmfulness, danger and character of this struggle.

We should, at the same time, approach this issue from the high plane of a struggle between the corrosive bourgeois influence and the proletariat countercorrosive forces. We should foster the determination to carry out this struggle through to the end.

Never should we underestimate such activities as smuggling, bribery, graft, simulation, fraud and theft of large amounts of state and collective property.

Comrade Li Lian said: Struggling against criminal activities in the economic field is one of the central tasks for the entire party. Whether or not the provincial-level organs achieve success in struggling against economic crimes will greatly affect all localities in the province. The provincial CCP committee urges all party members at the provincial-level organs, high- and middle-ranking cadres in particular, to take the lead and set an example in dealing blows at economic crimes.

In his report, Comrade Li Lian urged all units to make proper arrangements in line with the practical situation of their own units and to wage struggles in a well-guided, planned and down-to-earth manner. In these struggles, the unhealthy practices which are the most serious ones in their own units and about which the masses most strongly complain should be checked so as to decisively improve the party's workstyle.

(SO: 4006/349)

GENERAL

HEBEI URBAN WORKERS' LIVING STANDARD RISES

HK081053 Shijiazhuang HEBEI RIBAO in Chinese 24 Mar 82 p 1

[Report by Ji Tongjia (0370 4827 1367): "Standard of Living of Hebei Urban Workers Shows Notable Rise"; passages within slantlines denote boldface]

[Text] An investigation conducted by a provincial department concerned to find out the living conditions of 720 worker households in the 9 municipalities in the province shows that thanks to the measures adopted by the party and the government since the 3d Plenary Session of the 11th CCP Central Committee, the urban worker households have earned more income and there has been a notable rise in their standard of living.

/Incomes increase, and the number of needy families decrease./ In 1981, the monthly cash income of worker households was 38.64 yuan per capita. Part of it was used providing for parents and expenditure on presents, and the remaining 35.82 yuan was used as daily expenses. This represented an increase of 12.95 yuan or 56.6 percent as compared with that in 1978. If we deduct 12.5 percent to offset the rise in commodity prices, the actual income still increased by 39.2 percent. The average annual increase was 16.1 percent. The main factors accounting for this increase were: First, the workers' monthly income increased as a result of salary revision, promotion, issuance of bonuses, giving of allowances to offset price increase, and the adoption of other measures. In 1981, a workers' average monthly income was 66.96 yuan, being 27.3 percent higher than that in 1978. Second, new avenues of employment were opened and the scope of employment was widened, so that more members of the workers' families had jobs. In 1981, an average of 2.35 persons in each household were employed, representing an increase of 10.1 percent as against that in 1978; 57.6 percent of the members of worker families were employed, representing an increase of 10.6 percent as compared with that in 1978. That is to say, in 1978, 1 out of every 2.13 worker family members was employed and in 1981, 1 out of every 1.73 worker family members was employed. Those employed had fewer family members to support. Third, late marriage and planned parenthood were encouraged, so that the worker families will have fewer members year after year. In 1981, each worker family had an average of 4.08 members, being 10.1 percent fewer than that in 1978.

'The level of worker families' consumption has been raised./ With income increased, the level of worker families' consumption shows a notable rise. In 1981, the average monthly living expenditure for each worker family member

amounted to 35.7 yuan, being 35.7 percent higher than that in 1978. Of this expenditure, 93.5 percent was used to buy commodities and the remaining 6.5 percent to pay for rent, electricity and water charges, haircuts, baths, school fees, repairs and other services. Of the expenditure on commodities, that consumed for food, clothing, daily necessities and fuel increased. A characteristic of this consumption was that the proportion of expenditure on food continuously fell and the proportion of expenditure on clothing and daily necessities increased year after year. In particular, there was a big increase in expenditure on expensive, durable consumer goods. This change showed that while raising their standard of food nutrition, the worker families were progressing in terms of clothing, daily necessities and cultural recreation.

/The worker families have greater quantities of durable consumer goods./ By the end of 1981, the worker families possessed notably greater quantities of durable consumer goods than they did in 1978. On average, every 100 worker families had 49 television sets, showing an increase of 4.79 percent as compared with 1978; they had 200 bicycles, showing an increase of 27 percent; they had 66 sewing machines, showing an increase of 35 percent; and they had 229 wristwatches, showing an increase of 34 percent. In addition, they had 103 radio sets, 7 tape recorders, 2 cameras, 3 washing machines and 19 electric fans. There was also a big increase in the number of big wardrobes, sofas and desks as compared with 1978.

/There has been a big improvement in the workers' housing conditions./ In the past 3 years, more money has been invested in the nonproductive construction projects on the capital construction front in our province, and the total floor space of workers' living quarters has quickly increased. In 1981, the average floor space for each occupant was 5.4 square meters, representing an increase of 1.6 square meters of 24.4 percent as compared with 1978.

In spite of the notable rise in the standard of living of the urban workers since the 3d Plenary Session of the 11th CCP Central Committee, some problems still exist: First, the prices of some articles for daily use have risen, thereby lowering the standard of living of some workers. According to an investigation, 1.1 percent of the urban workers have not had a wage increase since 1956; 2.3 percent of them have not had a wage increase since 1963, and 10 percent of them have not had a wage increase since 1971. As a result of price increases, the real standard of their wages has dropped by varying degrees. Second, due to price increase, some worker households which earn relatively low wages still have difficulties in everyday life. For this reason, it is imperative to study and solve the problem of stabilizing the retail prices of the basic consumer goods needed by workers so as to guarantee the rise in the real standard of workers' income. Third, some worker families still had difficulties in housing in 1981, and 8.8 percent of them were not allotted living quarters. Therefore, solving the question of housing for urban workers is an urgent task.

GENERAL

BRIEFS

WUHAN LIVING STANDARDS--Statistics of departments concerned at the end of 1981 showed that in Wuhan Municipality, every 100 worker households had 252 watches, 75 bicycles, 74 sewing machines, 103 radio sets, 67 TV sets and 74 electric fans. [Wuhan HUBEI in Chinese 23 Mar 82 HK]

GANSU MEETING--The 11th Meeting of the 5th Gansu Provincial People's Congress Standing Committee concluded in Lanzhou on 14 March. It adopted a resolution on the province's 1982 economic and social development plans and a decision on launching an all-people voluntary tree-planting campaign. It held that the implementation of the 1981 provincial economic plans was good and the 1982 economic plans are feasible. It called for readjusting enterprises to ensure steady development in industry and agriculture, and strengthening management of commodity prices, credits and loans to ensure a balance between income and expenditures. The plenary meeting was chaired by chairman Wang Shitai. [3K171237 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 15 Mar 82 SK]

HEILONGJIANG'S MODEL WORKER--Harbin, 29 Mar (XINHUA)--According to XINHUA reporter Zhang Chijian [1728 2170 1017], Yang Ju [2799 5468], chairman of the Sixth Neighborhood Committee on Dongcaijie Street in Harbin Municipality, was recently elected municipal model worker for her devotion to educating and helping 18 young people who went astray. She won the respect of the local people for her work. Upon hearing of Yang Ju's deeds, Yang Yichen, first secretary of the Heilongjiang Provincial CCP Committee, praised her for her "contribution in educating the young people with motherly dedication and persuasion." Yang Ju is 61 years old. Early in the 1960's, she took a misguided young girl into her home and patiently educated her with motherly kindness and changed her way of life. The people praised her for what she did. Deeply worried by the deteriorated social mood during the "Great Cultural Revolution" that contaminated the minds of the young people, she decided to do her utmost to help the young people who went astray. Most of the young people she directly helped or helped with the support of civil police, school and parents between 1975 and 1981 have turned over a new leaf and some have become activists in factories and in public security work. [Excerpt] [OW290614 Beijing XINHUA Domestic Service in Chinese 0133 GMT 29 Mar 82]

YUNNAN SECOND SECRETARY APPEARANCE--According to YUNNAN RIBAO, Li Qiming, second secretary of the Yunnan Provincial CCP Committee and chairman of the Yunnan Provincial CPPCC Committee, yesterday spoke at a bimonthly forum held

by the United Front Work Department of the provincial CCP committee, saying: To guarantee the successful carrying out of our economic construction, we must resolutely hit hard at economic criminal activities. Comrade Li Qiming stressed: With the implementation of China's policy of lifting restrictions on relations with foreign countries, there has been a very serious corrosive influence of decadent capitalist ideology. "The conflict between the corrosive influence and the anticorrosive influence is particularly sharp in Yunnan which is situated in the frontier region. We must keep a very cool head and maintain sharp vigilance." Referring to the province's economic construction, Li Qiming said: We must grasp grain production, actively develop diversified economy as primary and regarding regulation by market mechanism as supplementary. Zhu Jiabi, director of the United Front Work Department of the provincial CCP committee, presided over yesterday's forum. [HK031145 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 21 Feb 82 HK]

GUIZHOU CIRCULAR CRITICIZES MALPRACTICE--On 12 February, the Guizhou Provincial People's Government issued a circular, criticizing some communes and brigades in Zhijin County for unlawfully levying charges when issuing 1982 ration cloth coupons. Levying charges is incorrect. All places must inspect the work of issuing 1982 cloth ration coupons. Places which have not issued these coupons to the masses must quickly issue them. In places where charges have been unlawfully levied in issuing 1982 cloth ration coupons, it is essential to investigate the situation, strictly handle the cases and return all charges to the masses. The circular also instructed the Bijie Prefectural Administrative Commissioner's Office to step up the handling of the problem occurring in Zhijin County and to report the results of dealing with the problem to the provincial government. [HK081124 Guiyang Guizhou Provincial Service in Mandarin 2315 GMT 24 Feb 82 HK]

GUANGZHOU CCP COMMITTEE MEETING--The Second Enlarged Plenary Meeting of the Fourth Guangzhou Municipal CCP Committee was held from 1 to 9 February. This meeting mainly implemented the spirit of the forum of the first secretaries of the provinces, municipalities and regions which was held recently by the central authorities, the spirit of the Fourth Session of the Fifth NPC and the spirit of the meeting of the secretaries of prefectural and municipal CCP committees held by the Guangdong Provincial CCP Committee, reviewed last year's municipal work and arranged for this year's main tasks. The meeting held that last year, the municipal CCP committee strengthened leadership over ideological work and further eliminated the leftist ideological influence. After readjustment and transformation, the municipality has promoted the development of production and increased revenue. Last year's municipal revenue was 10.9 percent more than in 1980. The municipality submitted a revenue of some 1.18 billion yuan to the province in 1981. The meeting held that economic readjustment, industrial reorganization and technical reform have not developed quickly, the management level is low, economic results are poor, commodity prices are high and the party workstyle, the general mood of society and social order have not basically improved. The meeting demanded that in the year ahead, economically, the municipality completely implement the 10 principles on construction put forth by the CCP Central Committee, adhere to the principle of regarding the planned economy as the major method and readjustment as an auxiliary method, and enliven the economy and strengthen control to basically stabilize commodity prices. The party workstyle and social order must be improved. [HK191113 Guangzhou Guangdong Provincial Service in Cantonese 1100 GMT 10 Feb 82 HK]

'WEN WEI PO' REPORTS ECONOMIC COMMISSION MEETING

HK290607 Hong Kong WEN WEI PO in Chinese 29 Mar 82 p 3

[Dispatch from Beijing: "Economic Commission Stresses No Slackening in Production"]

[Text] The State Economic Commission held an executive meeting on production on 27 March. The meeting demanded that all areas and departments seriously absorb the lesson of the production drop early last year, absolutely avoid slackening leadership over production, make no mistakes in reforming the bureaucracy and commanding production, and make a still greater success of industry and communications production and work in the second quarter, so as to lay a firm foundation for achieving this year's target of a 4 percent growth rate, with efforts being made to attain 5 percent.

The whole country has got a very tight grasp on industry and communications production right from the start of the year. The guiding ideology is clear, the measures are effective, and the situation is excellent. A good start has been made to the year. Industry and communications production rose each month in the first quarter. Profit turned over to the state by state-owned enterprises from January to early March was 17.5 percent more than in the corresponding period of last year, while production in heavy industry continued to maintain its rising momentum since the fourth quarter of last year.

The State Economic Commission pointed out that although the country achieved relatively good success in industry and communications in the first quarter, economic returns were not good enough. This problem must be viewed seriously. For example, production of high energy-consuming products such as ferroalloy and batteries, and output of items whose output is restricted by the state, such as chemical fibers, exceeded the numbers fixed by the plans; while stocks of light and textile goods that currently sell only slowly, such as polyamide fiber stockings and electric fans, continued to increase.

With regard to the production and work of the industry and communications departments in the second quarter, the State Economic Commission pointed out: In guiding ideology it is essential to center the effort on improving economic returns, and unify rate and returns, so as to achieve a sound growth rate with good economic results. The State Economic Commission decided to publish in April the main economic results of each province, municipality and autonomous region, with the aim of urging all areas and departments to pay attention to improving returns in industrial production.

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April 26, 1982